

# EXHIBIT K

## **EXHIBIT 1**

**UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF TENNESSEE  
NASHVILLE DIVISION**

ST. CLAIR COUNTY EMPLOYEES'  
RETIREMENT SYSTEM, Individually and on  
Behalf of All Others Similarly Situated,

Plaintiff,

vs.

No. 3:18-cv-00988

ACADIA HEALTHCARE COMPANY, INC., et al.,

Defendants.

**EXPERT REPORT**

**OF**

**LUCY P. ALLEN**

**February 28, 2022**

**TABLE OF CONTENTS**

I.	Scope of Assignment .....	1
II.	Summary of Findings.....	1
III.	Qualifications and Remuneration .....	3
	A. Qualifications.....	3
	B. Remuneration.....	3
IV.	Materials Considered .....	4
V.	Summary of Allegations .....	5
VI.	Methodology .....	7
VII.	The Alleged Misrepresentations Related To Acadia’s U.S. Operations Did Not Have Price Impact .....	12
	A. Acadia’s stock price did not react to the October 11, 2018 alleged corrective disclosure, which demonstrates that the alleged misrepresentations regarding Acadia’s U.S. operations did not have price impact.....	12
	B. Acadia’s stock price did not react to the November 16, 2018 alleged corrective disclosure, but rather reacted to news unrelated to the alleged fraud about the potential sale of Acadia, which demonstrates that the alleged misrepresentations regarding Acadia’s U.S. operations did not have price impact.....	19
	C. Further evidence that the alleged misrepresentations regarding Acadia’s U.S. operations did not impact Acadia’s stock price prior to the alleged corrective disclosures is that the stock price did not react to the disclosure of numerous similar news stories regarding the quality of care at Acadia’s U.S. facilities .....	26
	D. Acadia warned and analysts noted, before and during the alleged Class Period, that incidents in Acadia’s psychiatric hospitals could lead to negative publicity and media coverage.....	30

## I. SCOPE OF ASSIGNMENT

1. I have been asked by counsel for Defendants to analyze price impact of the allegedly false and misleading statements and/or omissions related to Acadia's U.S. operations that Plaintiffs claim inflated Acadia Healthcare Company, Inc.'s ("Acadia" or "the Company") stock price between April 30, 2014 and November 15, 2018 (the alleged "Class Period").<sup>1</sup> For the purpose of this analysis of price impact, I have been asked to assume Plaintiffs' claim of market efficiency.

## II. SUMMARY OF FINDINGS

2. Plaintiffs' theory is that Acadia made alleged misrepresentations regarding the "quality," "staffing" and "compliance" at Acadia's U.S. facilities and that those statements impacted Acadia's stock price and caused the price to be artificially inflated. According to Plaintiffs, this inflation was eliminated by two alleged corrective disclosures—the *Aurelius Value* report and the *Seeking Alpha* article. Plaintiffs claim that the *Aurelius Value* and *Seeking Alpha* reports disclosed "systematic instances of patient abuse and neglect" and "severe problems" at Acadia's facilities, caused primarily by understaffing and consistent with declining quality of care.<sup>2</sup>

3. I find no price impact from the alleged misrepresentations related to Acadia's U.S. operations because there is no link between Acadia's stock price movements and the alleged misrepresentations or the correction of the alleged misrepresentations. In particular, Acadia's stock did not react when information that was "corrective" of the alleged misrepresentations was released to the market. There was no price reaction to the alleged corrective information in either the *Aurelius Value* report or the *Seeking Alpha* article. Moreover, there was no price reaction to other disclosures of the type of information Plaintiffs allege is "corrective" that was released during the alleged Class Period. Thus, the lack of price reaction to corrective disclosures of the

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<sup>1</sup> Consolidated Complaint for Violations of the Federal Securities Laws, dated April 1, 2019 ("Complaint"), ¶1.

<sup>2</sup> Complaint, ¶¶185 and 190.

alleged misrepresentations demonstrates that the alleged misrepresentations did not have price impact.

4. I find that there was no statistically significant reaction in Acadia's stock price to the *Aurelius Value* report, the first alleged corrective disclosure. According to Plaintiffs' expert's event study, as well as an alternative event study I conducted, Acadia's stock price reaction to the *Aurelius Value* report, after controlling for market and industry movements, is within the range of normal expected daily variation in the stock price, and cannot be distinguished from zero. In other words, according to Plaintiffs' expert's own event study, there was no price reaction to this allegedly corrective disclosure as the movement of the price on this date is just the usual "noise."<sup>3</sup> The fact that the release of the very information that is purportedly corrective of the alleged misrepresentations regarding Acadia's U.S. operations did not cause any statistically significant reaction in Acadia's stock price affirmatively demonstrates that the alleged misrepresentations regarding Acadia's U.S. operations did not have price impact on Acadia's stock.

5. I find that Acadia's stock price also did not react to the *Seeking Alpha* article, the second alleged corrective disclosure. The intraday price movements and trading volume of Acadia's stock, as well as analyst and market commentary, show that the price decline on November 16, the date of the *Seeking Alpha* article, was *not* due to the information allegedly disclosed in the *Seeking Alpha* article but rather due to negative news about the potential sale of Acadia – news that is unrelated to the alleged fraud – which demonstrates that the alleged misrepresentations regarding Acadia's U.S. operations did not have price impact.

6. In addition, I find that the information regarding the "quality," "staffing" and "compliance" in Acadia's U.S. facilities of the type Plaintiffs allege is "corrective" of the alleged misrepresentations was released on a number of occasions during the alleged Class Period. There was no market reaction after any of these announcements, demonstrating that the alleged misrepresentations did not have price impact. The lack of price impact of the alleged misrepresentations is consistent with the generic nature of many of the alleged misrepresentations.

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<sup>3</sup> Dalrymple Deposition at 137:19-23 and 169:5-11.

### **III. QUALIFICATIONS AND REMUNERATION**

#### **A. Qualifications**

7. I am a Managing Director of NERA Economic Consulting (“NERA”) and a member of NERA’s Securities and Finance Practice. NERA provides practical economic advice related to highly complex business and legal issues arising from competition, regulation, public policy, strategy, finance, and litigation. NERA was established in 1961 and now employs approximately 500 people in more than 20 offices worldwide. NERA’s Securities and Finance Practice, which performs research in securities and financial markets, dates from the early 1970s and employs a research staff of more than 100 professionals holding degrees in economics, finance, and mathematics. The practice group counts among its clients major securities exchanges, risk managers, principals needing valuation services, and parties in litigation.

8. I have an A.B. from Stanford University, an M.B.A. with a concentration in Finance and Accounting from Yale University, and M.A. and M. Phil. degrees in Economics, also from Yale University. Prior to joining NERA, I was an Economist for both President George H. W. Bush’s and President Bill Clinton’s Council of Economic Advisers, providing economic analysis on regulation and health care policy issues. In my over 20 years at NERA, I have been frequently engaged as an economic consultant or expert witness to perform valuations and estimate damages. In the course of this work, I have analyzed the effect of information on stock prices of over 100 companies. I have testified at trials in Federal District Court and Delaware Chancery Court, before the American Arbitration Association and the Judicial Arbitration Mediation Service, and in depositions. My resume with recent publications and testifying experience is included as Appendix A.

#### **B. Remuneration**

9. NERA is being compensated for time spent by me and my team at standard billing rates and for out-of-pocket expenses at cost. NERA currently bills for my time at \$1,050 per hour. NERA’s fees are not in any way contingent upon the content of my opinions or the outcome of this matter.

#### IV. MATERIALS CONSIDERED

10. In preparing this report, I considered the following categories of materials (a complete list of materials considered is included as Appendix B):

- a) Complaint;
- b) Memorandum of Law in Support of Lead Plaintiffs' Motion for Class Certification, dated May 3, 2021;
- c) Report of W. Scott Dalrymple, dated May 3, 2021 ("Dalrymple Report"), including supporting spreadsheets and programs and materials relied upon;
- d) Deposition of W. Scott Dalrymple, dated June 3, 2021 ("Dalrymple Deposition");
- e) Analyst reports on Acadia and the healthcare and hospital management industries from Thomson Reuters and documents produced in discovery;
- f) Acadia's filings with the U.S. Securities and Exchange Commission ("SEC");
- g) Press releases, conference call transcripts and news stories on Acadia from Factiva and Bloomberg, L.P.;
- h) Stock price and trading volume, shares outstanding, equity float, short interest, implied volatility, and institutional and insider holdings data for Acadia from FactSet Research Systems, Inc. and Bloomberg, L.P.;
- i) Price data for market and industry indexes from Bloomberg, L.P.;
- j) Document produced by one of the proposed class representative's investment managers (RHJA0000073);
- k) Acadia financial reports 2014-2019 (ACADIA00000050-00000509, ACADIA000000519-00000550)
- l) Academic literature and textbooks on finance, securities, valuation and statistics; and
- m) Legal decisions on class certification and market efficiency.



## V. SUMMARY OF ALLEGATIONS

11. Acadia is a pure-play provider of behavioral healthcare services, with operations in the United States and the United Kingdom during the alleged Class Period.<sup>4</sup> Acadia's business strategy is to acquire and develop behavioral healthcare facilities.<sup>5</sup> At the end of 2017, Acadia operated 582 behavioral healthcare facilities with approximately 17,800 beds in 39 states, the U.K. and Puerto Rico.<sup>6</sup> In 2017, Acadia's U.K. operations accounted for 36% of total revenue.<sup>7</sup>

12. Plaintiffs claim that Acadia's stock price was inflated during the alleged Class Period as a result of certain false and misleading statements and omissions. In particular, Plaintiffs' allegations generally fall into two categories: Acadia's U.S. operations and Acadia's U.K. operations.<sup>8</sup>

13. Regarding Acadia's U.S. operations, Plaintiffs' claim relates to alleged quality of care issues. Plaintiffs allege that Acadia falsely stated that:

- “offering quality care was of fundamental importance to Acadia's business model, and that its facilities provided high-quality care that would drive Acadia's success;”
- “Acadia adequately staffed its facilities to ensure its ability to provide appropriate care to patients;” and
- “Acadia's facilities were in compliance with relevant regulatory requirements.”<sup>9</sup>

Plaintiffs claim that the alleged truth regarding Acadia's U.S. operations was that “Acadia did not provide quality care” and that it “understaffed its facilities and hired unqualified staff in order to cut costs to the detriment of patient care.”<sup>10</sup>

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<sup>4</sup> Acadia 2017 Form 10-K, filed February 27, 2018, p. 1.

<sup>5</sup> Acadia 2017 Form 10-K, filed February 27, 2018, p. 1.

<sup>6</sup> Acadia 2017 Form 10-K, filed February 27, 2018, p. 1.

<sup>7</sup> Acadia 2017 Form 10-K, filed February 27, 2018, p. 4.

<sup>8</sup> Complaint, §§V(A) and V(B).

<sup>9</sup> Complaint, ¶3.

<sup>10</sup> Complaint, ¶¶4-5.

14. Plaintiffs claim the alleged misrepresentations related to Acadia's U.S. operations were corrected in two alleged corrective disclosures:

- On October 11, 2018, short-seller *Aurelius Value* published a report documenting "systematic instances of patient abuse and neglect at dozens of Acadia facilities, caused primarily by understaffing."<sup>11</sup>
- On November 16, 2018, *Seeking Alpha* published an article that "attributed Acadia's recent revenue and margin increases to cost cutting and 'reducing the quality of care.'"<sup>12</sup>

15. Regarding Acadia's U.K. operations, Plaintiffs claim that Acadia falsely stated that "Acadia's U.K. operations would achieve substantial revenue and earnings growth in the face of nursing shortages and negative media reports about the Company's operations," when in reality "defendants had no reasonable basis to believe, and did not actually believe, that such results would materialize."<sup>13</sup>

16. Plaintiffs claim the alleged misrepresentations related to Acadia's U.K. operations were corrected on October 24, 2017 when Acadia announced that it had "badly missed its Q3 2017 revenue and earnings targets, and was substantially reducing its guidance for the remainder of the year," and that "same facility revenue growth for U.K. facilities had slowed to 3.8%."<sup>14</sup>

17. I have been asked to analyze price impact of the alleged misrepresentations regarding Acadia's U.S. operations.<sup>15</sup> A full list of the alleged misrepresentations regarding Acadia's U.S. operations is attached as Appendix C.

18. The chart below shows Acadia's stock price and trading volume, and the alleged misrepresentations and the alleged corrective disclosures regarding Acadia's U.S. operations.

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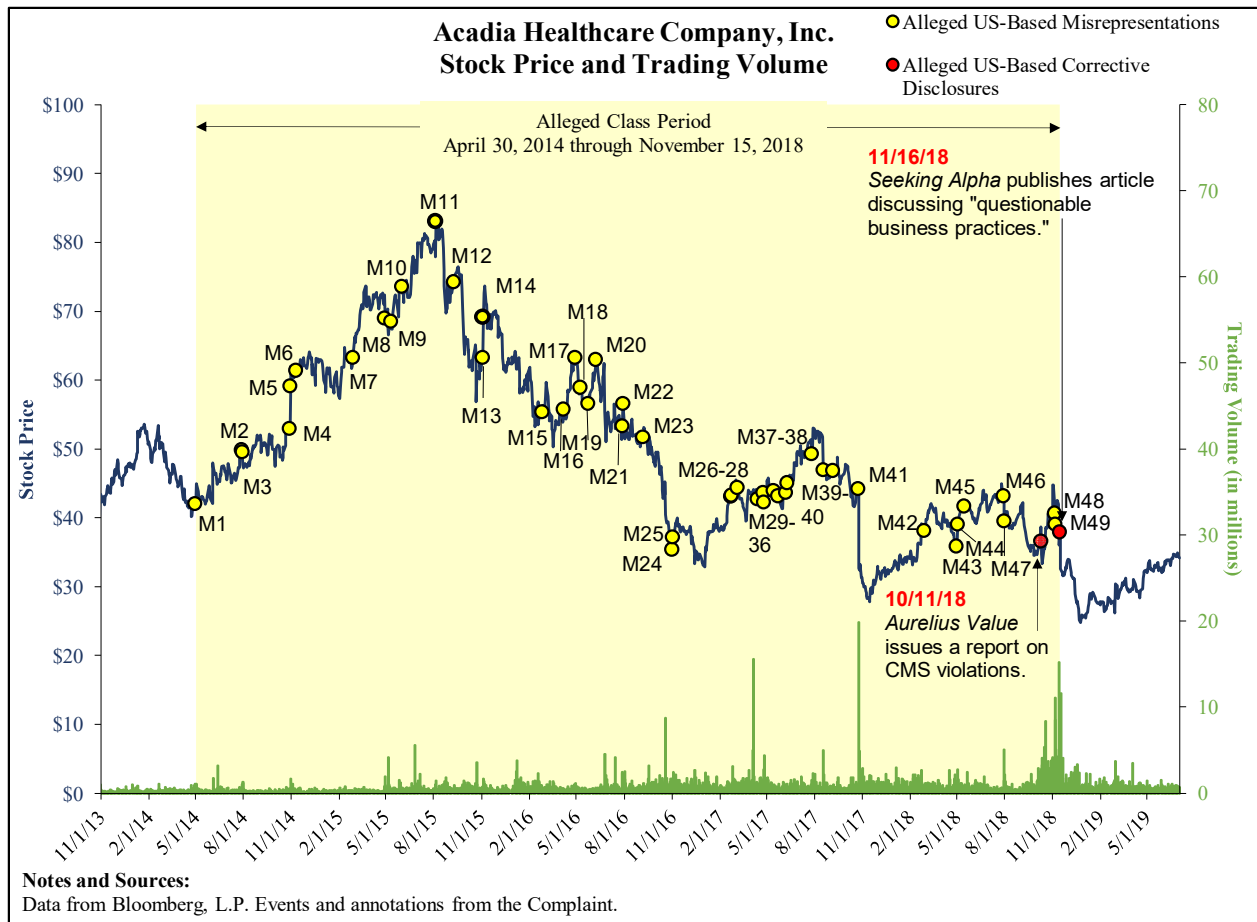
<sup>11</sup> Complaint, ¶¶9,185 citing "Acadia Healthcare: Destructive Greed," *Aurelius Value*, October 11, 2018.

<sup>12</sup> Complaint, ¶¶11, 190 citing "Acadia Healthcare: Very Scary Findings From A 14-Month Investigation," *Seeking Alpha*, November 16, 2018.

<sup>13</sup> Complaint, ¶¶3 and 6.

<sup>14</sup> Complaint, ¶¶8, 108.

<sup>15</sup> I have not been asked to analyze price impact of the alleged misrepresentations regarding Acadia's U.K. operations.



## VI. METHODOLOGY

19. An analysis of price impact is an analysis of whether the alleged misrepresentations affected the market price when made.<sup>16</sup> In general, the price impact of an alleged misrepresentation can be analyzed in at least two ways: (1) directly by analyzing the market reaction following an alleged misrepresentation, including analyzing the stock price movement and examining market and analyst commentary following the alleged misrepresentations, or (2) indirectly by analyzing the market reaction to a disclosure that is corrective of an alleged misrepresentation.<sup>17</sup>

<sup>16</sup> See, for example, *Halliburton I*, 131 S. Ct. 2179, 2186 (2011). (“[P]rice impact’ – that is, whether the alleged misrepresentations affected the market price in the first place.”)

<sup>17</sup> See, for example, *Halliburton II*, 134 S. Ct. 2398 (2014).

20. It is my understanding that Plaintiffs are claiming that the alleged misrepresentations either “maintained” the alleged inflation in the stock price or were misleading by omission, and thus it is my understanding that according to Plaintiffs’ theory a statistically significant price increase would not be expected at the time the alleged misrepresentations were made. Nonetheless, I analyzed the market reaction following the alleged misrepresentations, including analyzing the stock price reaction and examining market and analyst commentary following the alleged misrepresentations and found no evidence of price impact of the alleged misrepresentations when made.<sup>18</sup> Note that many of the alleged misrepresentations were generic in nature.<sup>19</sup> For example, Plaintiffs repeatedly claim as an alleged misrepresentation the

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Note that simply testing whether there were statistically significant price reactions on the dates of the alleged corrective disclosures may not be a reliable analysis of price impact of the alleged misrepresentations for a number of reasons, including the following:

- a) The alleged corrective disclosures may not actually be corrective of the alleged misrepresentations. (If the alleged corrective disclosures are not in fact corrective, they cannot help one determine the price impact of the alleged misrepresentations.);
- b) The alleged corrective disclosure dates may not properly correspond to when the alleged misrepresentations were first corrected in the market. (Since, in an efficient market, only new news should affect a security’s price, the reaction to repeated news is not a reliable indicator of what the price impact of the news would be initially. If news that is not new affects the price, then that is an indication that the market is not efficient.);
- c) The price reaction on the alleged corrective disclosure dates may be the result of confounding factors or news unrelated to the alleged fraud; and
- d) Market conditions may have changed between the time that the alleged misrepresentations were made and the time of the alleged corrective disclosures.

<sup>18</sup> The price reactions following the 49 alleged misrepresentations related to Acadia’s U.S. operations occurred on 47 separate trading days (since some of the alleged misrepresentations occurred on the same trading day). On 39 of these days there was no statistically significant price increase according to Mr. Dalrymple’s event study. For the remaining eight days with a statistically significant price increase, all of which occurred on days when Acadia announced quarterly earnings, analyst commentary indicates that the positive price reaction was due to positive news unrelated to the alleged misrepresentations. For example, on October 30, 2014, Plaintiffs claim that Acadia misleadingly touted its high-quality services. However, on the same date, Acadia announced positive earnings results, increased its guidance and announced the acquisition of CRC Health Group. Analysts indicated that Acadia’s price increase on that day was due to “exceptional volumes,” “raised guidance” and the “CRC acquisition.” See, for example, Baird report, dated October 30, 2014. See Appendix C for a list of the 49 alleged misrepresentations related to Acadia’s U.S. operations.

<sup>19</sup> Note also that Plaintiffs appear to be mischaracterizing what Acadia said in a number of the alleged misrepresentations. For example, Plaintiffs claim that on February 22, 2017 Acadia “represented that the Company’s quality and compliance department did nothing but track efficacy of care” (Complaint, ¶216). However, what Acadia actually said on February 22, 2017 was that the Company could “do a better job” of tracking efficacy and that the federal government had failed to provide psychiatric hospitals funding to improve their computer systems so that they could better track efficacy. Acadia Healthcare Company, Inc. at RBC Capital Markets Healthcare Conference, February 22, 2017. See Appendix C for the actual language of the alleged misrepresentation, along with the characterization of the alleged misrepresentations according to Plaintiffs.

Plaintiffs characterize many of the alleged misrepresentations relating to staffing levels at Acadia’s U.S. facilities as misleading in part because Acadia allegedly did not maintain sufficient staffing to accommodate its growth. However, Acadia’s financial data indicates this is inaccurate. From the first quarter of 2016 to the first

following statement in the “Overview” section of Acadia’s 10-K and 10-Q filings: “We strive to improve the operating results of our facilities by providing high quality services.”<sup>20</sup> The lack of price impact of the alleged misrepresentations is consistent with the generic nature of many of the alleged misrepresentations.

21. To analyze price impact of the alleged misrepresentations in this case, I examined publicly available information related to Acadia and Plaintiffs’ allegations. I reviewed Plaintiffs’ claims in the Complaint and other pleadings, and the Dalrymple Report, and examined the alleged misrepresentations and the alleged corrective disclosures (including what information was allegedly false, when the alleged truth was purportedly revealed to the market and what information was alleged to be corrective). I analyzed publicly available information on Acadia, including analyst reports, press releases, conference call transcripts, SEC filings, and news stories from Bloomberg and Factiva.<sup>21</sup> I focused on what the market knew about the alleged misrepresentations, and on how the market reacted in terms of analyst and other market commentary and price reactions to the alleged misrepresentations.

22. Analyst reports are periodic reports issued by professional financial analysts at brokerage firms who perform research and analysis on specific industries and companies. Analysts analyze companies by studying publicly available information, such as SEC filings, as well as participating on conference calls and attending investor conferences where they can ask questions directly to management. Analysts use this information to model and value companies and industries, using financial techniques such as discounted cash flow models and valuation multiples. Using these valuations, analysts typically issue price targets (*i.e.*, what price they expect the stock of a company to be in a certain time period), provide estimates reflecting their expectations of the company’s future financial performance (such as estimates of future revenue, profits and earnings per share (“EPS”)), and give recommendations to buy, hold or sell the stock. Analysts typically issue reports after new information about the company is released. These

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quarter of 2018, U.S. quarterly patient days grew 9.19% and the number of full-time U.S. employees at Acadia grew 9.64%. See Acadia financial reports 2014-2019 (ACADIA00000050-00000509, ACADIA00000519-00000550)

<sup>20</sup> Complaint, ¶112.

<sup>21</sup> Bloomberg is a commonly used provider of financial data and news, and Factiva is an online news reporting service and archive owned by Dow Jones & Company, Inc. that aggregates news content from nearly 33,000 sources from around the world.

reports play an important role in disseminating information about a stock and can be a valuable source of information on market knowledge and sentiment at the time.<sup>22</sup>

23. The review of analyst reports is a standard and generally accepted methodology for determining what information is important to the market in valuing a stock, and thus, for determining whether a piece of information had price impact.<sup>23</sup> This position is echoed in the Dalrymple Report, which states:

In addition to supporting analysts' buy/sell recommendations and price targets for Acadia, these reports also reflected analysts' responses, from both a quantitative and qualitative perspective, to new, value-relevant information. [...] The breadth and depth of coverage during the Class Period demonstrates that newly available, value-relevant financial information was actively monitored and scrutinized by a network of investment professionals and media outlets, who quickly digested new information and disseminated their reactions to Acadia investors.<sup>24</sup>

24. There were at least 1,031 reports issued by 21 analysts covering Acadia during the alleged Class Period.<sup>25</sup>

25. Plaintiffs and Mr. Dalrymple assert that the market for Acadia stock was efficient during the alleged Class Period, and thus, that Acadia's stock price "immediately" reflected

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<sup>22</sup> The review of analyst reports is a standard and generally accepted methodology for determining what information is important to the market in valuing a stock. In particular, courts have relied on analyst reports in determining what information is important to the market in valuing a stock and in determining the cause of stock price movements. See, for example, *In Re TECO Energy Inc. Securities Litigation*, 2006 U.S. Dist. LEXIS 18101 (M.D. Fla. March 30, 2006) ("Specifically, the analyst reports on September 3, 2002, September 23, 2002, October 8, 2002, and January 23, 2003 address ratings cuts, opinions, and predictions regarding TECO's stock value but do not reference any misstatements, omissions, or accounting practices by Defendants as the reason for the bleak forecasts or changes in market conditions.") and *Barrie v. Intervoice-Brite, Inc.*, 2006 U.S. Dist. LEXIS 69299 (N.D. Tex. Sept. 25, 2006) ("Barry's review of analyst reports and the public press also shows that those information sources did not link the June 6 disclosure to any prior earnings or revenues that were supposedly overstated."). The First Circuit has also recommended analyzing contemporaneous content for explaining stock price movements, citing a paper that specifically describes performing content analysis of analyst reports and commentary. *Bricklayers & Trowel Trades International Pension Fund v. Credit Suisse Securities (USA) LLC*, 752 F.3d 82, 92 (1st Cir. 2014), citing David Tabak, "Making Assessments About Materiality Less Subjective Through the Use of Content Analysis," 2007.

<sup>23</sup> Courts often look to the number of analyst reports published on a company as an indication of market efficiency. See, for example, *Cammer v. Bloom*, 711 F. Supp. 1264 (D.N.J. 1989).

<sup>24</sup> Dalrymple Report, ¶¶38,40.

<sup>25</sup> Based on available analyst reports from Thomson Reuters and documents produced in discovery.

newly available “value-relevant” information.<sup>26</sup> According to Mr. Dalrymple, new “value-relevant” information is information that impacts the stock price.<sup>27</sup> For the purpose of this analysis of price impact, I have been asked to assume Plaintiffs’ claim of market efficiency, including adopting the event study methodology put forward by Mr. Dalrymple.

26. An event study can be used to test whether the stock price reacts on the date of a particular announcement. An event study is a commonly accepted statistical analysis that measures the movement in a stock’s price after an event or public announcement, typically adjusting for the movement in the overall market and/or industry.<sup>28</sup> Academics often use an event study to determine how stock prices respond to new information.<sup>29</sup> An event study typically uses a statistical analysis called a regression to estimate the relationship between the company’s daily stock returns and the daily returns of market and/or industry indices.<sup>30</sup> Using the regression results and the returns of the indices, the predicted stock price movement and abnormal stock price movement (or the amount the stock price moves in excess of the predicted amount) can be calculated for the event/period being tested. Then, the statistical significance of the abnormal stock price movement can be tested.

27. In addition to adopting Mr. Dalrymple’s event study, I tested an alternative event study specification and found that the conclusions of the price impact analysis did not change. The alternative event study controlled for market movements with the NASDAQ Composite Index, an index of over 3,000 companies listed on the NASDAQ, and for industry movements with the S&P 600 Health Care Providers & Services Index, an off-the-shelf index of publicly

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<sup>26</sup> Dalrymple Report, ¶10, ¶27, citing John Campbell, et al., *The Econometrics of Financial Markets* (1997), ¶40 and ¶56, citing Joseph Aharony and Itzhak Swary, “Quarterly Dividend and Earnings Announcements and Stockholders’ Returns: An Empirical Analysis,” *The Journal of Finance* 35(1), 1980.

<sup>27</sup> Dalrymple Report, ¶¶26,40, 47, 56, 65, 92.

<sup>28</sup> See, for example, Alexander, Janet C., “The Value of Bad News in Securities Class Actions,” *UCLA Law Review*, 41: 1994, Fischel, Daniel R., “Use of Modern Finance Theory in Securities Fraud Cases Involving Actively Traded Securities,” *The Business Lawyer* 38: 1982, and Dunbar, Frederick C., and David I. Tabak, “Materiality and Magnitude: Event Studies in the Courtroom,” *Litigation Services Handbook: The Role of the Financial Expert* (John Wiley & Sons, Inc.: New York, NY, 3<sup>rd</sup> ed., 2001), ch. 19.

<sup>29</sup> See, for example, MacKinlay, A. Craig, “Event Studies in Economics and Finance,” *Journal of Economic Literature*, 35: 1997, and Bowman, Robert G., “Understanding and Conducting Event Studies,” *Journal of Business Finance & Accounting*, 10(4): 1983.

<sup>30</sup> Regression analysis is used to estimate the relationship between two or more variables. See, for example, Hogg, Robert V. and Elliot A. Tanis, *Probability and Statistical Inference*, (Prentice Hall: Upper Saddle River, NJ, 5<sup>th</sup> ed., 1997).



traded Health Care Providers & Services companies.<sup>31</sup> The control period consisted of a rolling period of 252 trading days before each event tested, excluding the alleged misrepresentations and alleged corrective disclosures.

## **VII. THE ALLEGED MISREPRESENTATIONS RELATED TO ACADIA’S U.S. OPERATIONS DID NOT HAVE PRICE IMPACT**

### **A. Acadia’s stock price did not react to the October 11, 2018 alleged corrective disclosure, which demonstrates that the alleged misrepresentations regarding Acadia’s U.S. operations did not have price impact**

28. Plaintiffs allege that Acadia’s stock price was inflated during the alleged Class Period as a result of alleged misrepresentations regarding the “quality,” “staff[ing]” and “compliance” of Acadia’s U.S. facilities.<sup>32</sup> Plaintiffs claim that the release of the *Aurelius Value* report on October 11, 2018 partially corrected Acadia’s stock price by revealing the alleged truth regarding “systematic instances of patient abuse and neglect at dozens of Acadia facilities.”<sup>33</sup> Thus, according to Plaintiffs’ theory, the alleged misrepresentations regarding Acadia’s U.S. operations impacted Acadia’s stock price and caused the price to be artificially inflated, and this inflation was partially “eliminated” by the corrective disclosures in the *Aurelius Value* report.<sup>34</sup>

29. To test Plaintiffs’ theory, I used Mr. Dalrymple’s event study, as well as the event study methodology described in Section VI above, to measure whether there was a statistically significant price reaction following the release of the allegedly corrective *Aurelius Value* report. Contrary to Plaintiffs’ theory, there was no statistically significant reaction in Acadia’s stock price on October 11, 2018 following the release of the *Aurelius Value* report. According to the event study, Acadia’s stock price reaction on October 11, 2018, after controlling for market and industry movements, is within the range of normal expected daily variation in the stock price,

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<sup>31</sup> Data obtained from Bloomberg, L.P. using the tickers “CCMP Index” for the NASDAQ Composite Index, and “S6HCPS Index” for the S&P 600 Health Care Providers & Services Index.

<sup>32</sup> Complaint, ¶3.

<sup>33</sup> Complaint ¶¶9,185.

<sup>34</sup> Complaint, ¶179,185,232.



and cannot be distinguished from zero.<sup>35</sup> In other words, according to Mr. Dalrymple's own event study there was no price reaction to this allegedly corrective disclosure as the movement of the price on this date is just the usual "noise."<sup>36</sup> The fact that the release of the very information that is purportedly corrective of the alleged misrepresentations regarding Acadia's U.S. operations did not cause any statistically significant reaction in Acadia's stock price affirmatively demonstrates that the alleged misrepresentations regarding Acadia's U.S. operations did not have price impact on Acadia's stock. According to Mr. Dalrymple's own event study the *Aurelius Value* report is not "value-relevant" information and thus does not impact the stock price. The table below shows the results of Mr. Dalrymple's event study for October 11, 2018:

<b>Price Reaction Following the <i>Aurelius Value</i> Report</b> According to Dalrymple Event Study							
<u>Date</u>	<u>Acadia Return</u>	<u>Market Index Return</u>	<u>Industry Index Return</u>	<u>Acadia Predicted Return</u>	<u>Price Reaction</u>	<u>t-stat<sup>1</sup></u>	<u>Statistically Significant?<sup>1</sup></u>
10/11/18	-5.22%	-2.05%	-2.57%	-3.12%	-2.10%	-1.35	No
<b>Notes and Sources:</b>							
Data from the Dalrymple Report.							
<sup>1</sup> Significance is based on the price reaction's t-statistic, calculated as the price reaction divided by the standard error of the regression over the sample period. "Yes" indicates significance at the 5% level.							

The table below shows the results of the alternative event study (described in Section VI) for October 11, 2018:

<sup>35</sup> In addition, my team and I reviewed news on Acadia released on October 11, 2018 and found that there was no other news announced on that date that could have offset any negative reaction in Acadia's stock price.

<sup>36</sup> Dalrymple Deposition at 137:19-23 and 169:5-11.

### Price Reaction Following the *Aurelius Value* Report

According to Alternative Event Study

<u>Date</u>	<u>Acadia Return</u>	<u>Market Index Return</u>	<u>Industry Index Return</u>	<u>Acadia Predicted Return</u>	<u>Price Reaction</u>	<u>t-stat<sup>1</sup></u>	<u>Statistically Significant?<sup>1</sup></u>
10/11/18	-5.22%	-1.26%	-3.25%	-3.09%	-2.14%	-1.34	No

**Notes and Sources:**

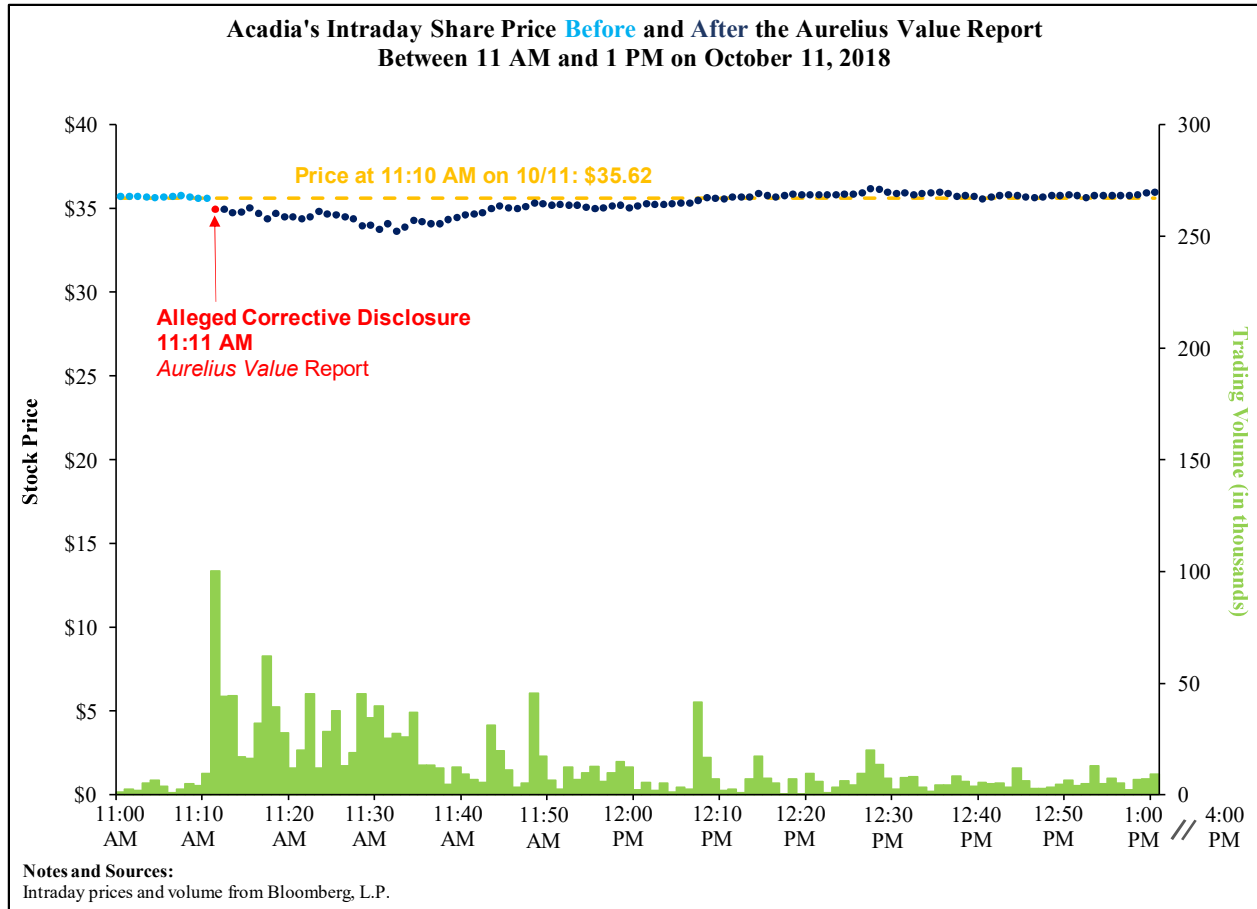
Data from Bloomberg, L.P. The market index is the NASDAQ Composite Index and the industry index is the S&P 600 Health Care Providers & Services Index.

<sup>1</sup> Significance is based on the price reaction's t-statistic, calculated as the price reaction divided by the standard error of the regression over the sample period. "Yes" indicates significance at the 5% level.

30. Acadia's intraday prices (*i.e.*, stock prices during the trading day rather than just the closing price) provide further evidence demonstrating that there was no market reaction to the release of the *Aurelius Value* report.<sup>37</sup> The *Aurelius Value* report was released at 11:11 AM.<sup>38</sup> The chart below shows Acadia's intraday stock price from 11 AM to 1 PM. Acadia's stock price was at \$35.62 right before the *Aurelius Value* report was released at 11:11 AM. As shown in the chart below, after some initial volatility following the release of the *Aurelius Value* report, Acadia's stock price bounced back in less than an hour to levels above the price before the *Aurelius Value* report was released, reaching \$35.66 by 12:08 PM.

<sup>37</sup> Mr. Dalrymple testified that it is "possible" to use intraday prices to determine the separate impacts from two pieces of information that were disclosed on the same day but at different times. Dalrymple Deposition at 29:6-16 and 30:5-7.

<sup>38</sup> Twitter post by @AureliusValue at 11:11 AM on October 11, 2018 linking to the *Aurelius Value* report.



31. Plaintiffs claim that the price reaction on October 12 is related to the *Aurelius Value* report.<sup>39</sup> However, given that there was no statistically significant price reaction on October 11 according to Plaintiffs' own event study, there is no basis to conclude that in an efficient market Acadia's price would start reacting to the *Aurelius Value* report on October 12, almost a full trading day after the report was released. Research has shown that stock prices in an efficient market react very quickly to new information. For example, according to a study frequently cited in finance textbooks, after company announcements of earnings or dividends, the *majority* of the stock market response is already completed within 5 to 10 minutes.<sup>40</sup>

<sup>39</sup> Complaint ¶¶10,189.

<sup>40</sup> See, for example, Richard A. Brealey & Stewart C. Myers, *Principles of Corporate Finance* (McGraw-Hill: New York, 7<sup>th</sup> ed., 2003) 351-353 ("To analyze the semistrong form of the efficient-market hypothesis, researchers have measured how rapidly security prices respond to different items of news, such as earnings or dividend announcements, news of a takeover, or macroeconomic information [...] A study by Patell and Wolfson shows just how fast prices move when new information becomes available. They found that, when a firm publishes its latest earnings or announces a dividend change, the major part of the adjustment in price **occurs within 5 to 10 minutes of the announcement.**") (emphasis added). See also James M. Patell & Mark A. Wolfson, "The

32. Moreover, even if there was some basis to conclude that the reaction started on October 12, according to Plaintiffs' theory, the reaction would have continued the next trading day, October 15, when Acadia's stock price bounced back by almost 8% despite no new company-specific news.<sup>41</sup> If there is evidence of a price reaction (*i.e.*, there is a statistically significant price reaction on the first day), then it is standard to consider the continuation of the reaction in consecutive statistically significant one-day price movements until new information is released.<sup>42</sup> Ignoring the fact that Acadia's stock did not react on October 11, which would be inconsistent with Plaintiffs' claim of market efficiency, and using a standard approach of considering consecutive statistically significant one-day price movements until new information is released, the cumulative price reaction is not statistically significant. In particular, there were statistically significant one day price reactions, in differing directions, on October 12, 15 and 16, yielding a cumulative reaction from October 12 to October 16 that was not statistically significant.<sup>43</sup> Importantly, allowing the reaction to start on October 12, the day after the *Aurelius Value* report was released, is not consistent with Mr. Dalrymple's theory of market efficiency or his own analysis and standard methodology for event studies, which do not test whether the stock reacted a day after the news was released if it did not react on the effective day of the news release (*i.e.*, the first trading day that the stock could have reacted).<sup>44</sup> The table below shows the one-day and cumulative price reactions of Acadia's stock from October 12 to October 17, 2018 using Mr. Dalrymple's event study.

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Intraday Speed of Adjustment of Stock Prices to Earnings and Dividend Announcements," *Journal of Financial Economics* 13 (1984), 223-252.

<sup>41</sup> The trading volume on October 15 was higher than the trading volume on October 11 and October 12.

<sup>42</sup> See, for example, Koch, James V., et al. "Do Investors Care if Steve Jobs is Healthy?" *Atlantic Economic Journal* 39(1): 2011, and Krivin, D., et al., "Determination of the Appropriate Event Window Length in Individual Studies," available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=466161](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=466161), 2003.

<sup>43</sup> There was no new company-specific news released on October 12, 15 and 16, 2018. In addition, even if the price reaction on October 11, which was not statistically significant, is included, the cumulative price reaction from October 11 to October 16 was not statistically significant.

<sup>44</sup> Dalrymple Report, ¶¶65-70, Exhibit 2.

### Price Reaction Following the *Aurelius Value* Report

According to Dalrymple Event Study

Date	Acadia Volume	Acadia Return	Acadia Predicted Return	One-Day Price Reactions			Cumulative Price Reaction	
				Price Reaction	t-stat <sup>1</sup>	Statistically Significant? <sup>1</sup>	Price Reaction	Statistically Significant? <sup>1</sup>
10/11/18	4.13M	-5.22%	-3.12%	-2.10%	-1.35	No		
10/12/18	3.29M	-4.09%	0.46%	-4.55%	-2.91	Yes		
10/15/18	5.34M	7.63%	-0.28%	7.91%	4.98	Yes		
10/16/18	2.50M	-1.29%	3.29%	-4.57%	-2.77	Yes	-1.22%	No
10/17/18	3.37M	0.81%	-0.40%	1.21%	0.72	No		

**Notes and Sources:**

Data from the Dalrymple Report.

<sup>1</sup> Significance is based on the price reaction's t-statistic, calculated as the price reaction divided by the standard error of the regression over the sample period. "Yes" indicates significance at the 5% level.

The table below shows the one-day and cumulative price reactions of Acadia's stock from October 11 to October 17, 2018 using the alternative event study described in Section VI:

### Price Reaction Following the *Aurelius Value* Report

According to Alternative Event Study

Date	Acadia Volume	Acadia Return	Acadia Predicted Return	One-Day Price Reactions			Cumulative Price Reaction	
				Price Reaction	t-stat <sup>1</sup>	Statistically Significant? <sup>1</sup>	Price Reaction	Statistically Significant? <sup>1</sup>
10/11/18	4.13M	-5.22%	-3.09%	-2.14%	-1.34	No		
10/12/18	3.29M	-4.09%	-0.66%	-3.42%	-2.15	Yes		
10/15/18	5.34M	7.63%	0.17%	7.46%	4.63	Yes		
10/16/18	2.50M	-1.29%	2.88%	-4.17%	-2.50	Yes	-0.13%	No
10/17/18	3.37M	0.81%	0.08%	0.73%	0.43	No		

**Notes and Sources:**

Data from Bloomberg, L.P. The market index is the NASDAQ Composite Index and the industry index is the S&P 600 Health Care Providers & Services Index.

<sup>1</sup> Significance is based on the price reaction's t-statistic, calculated as the price reaction divided by the standard error of the regression over the sample period. "Yes" indicates significance at the 5% level.

33. The analyst commentary following the release of the *Aurelius Value* report is consistent with the lack of a price reaction to the *Aurelius Value* report. Thirteen of the 15 (or 87%) analysts covering Acadia at the time did not even issue reports following the *Aurelius Value* report. The two analysts that issued reports acknowledged that the *Aurelius Value* report

portrayed the Company in a negative light, but did not indicate that the report revealed anything new about Acadia's quality of care in the U.S.

Some Perspective. A number of problematic instances are cited in the report. As those who follow the inpatient psych sector know, the **potential for adverse events in the space is high and happens more than is true in almost any other healthcare services sector**. Patients are generally admitted to an inpatient psych facility because they are actively trying to hurt themselves or someone else. Further, there is a significantly tight supply of nurses willing to work in these types of facilities. Finally, there is generally limited capacity to meet current demand for inpatient services. So, our experience has been that **it takes time to assess allegations such as those raised in this report**. Referral sources generally appreciate the challenges the sector faces and often do not have alternative placement options for patients who show up in ERs in crisis. As a result **patient flows do not change quickly absent overt state regulatory action against a facility**. In that regard, state regulators are also aware of the industry's challenging population and labor shortages. They also know that like some other healthcare provider settings, the **incidence of getting cited for a deficiency during an inspection can be higher than the public might expect**. Because of the limited availability of alternative providers and the intense need to place patients, **regulators will work with providers to give them time to remedy issues**. Still, regulators will take action in egregious situations and not allow a facility to continue to take patients. These steps are usually taken on a facility-by-facility basis. Adverse publicity makes a regulator scrutinize a provider more closely; cutting off a facility means the regulators believe the facility has serious problems that must be addressed. Because incidents are not uncommon, **regulators and operators interact frequently making a common pervasive issue across an entire system hard to develop without regulators being aware there is a problem**. [Credit Suisse, 10/11/18, emphasis added]

We have not yet reached ACHC for comment, although we believe that these claims are at odds with management's behavior and success in the past. [Cantor Fitzgerald, 10/11/18]

34. A week after the *Aurelius Value* report was released, several analysts referenced the *Aurelius Value* report in reports focused on earnings previews and/or rumors of a potential buyout. None of the analysts indicated that they had learned anything new about Acadia's quality of care in the U.S. but instead reminded investors that Acadia "generally treats a troubled patient population." The analysts indicated that the *Aurelius Value* report was "nothing we haven't seen before" and that "there have been similar pieces" on its competitors, but that the report could lead to more regulatory scrutiny.

**Short reports:** The stock is down ~12% since just before reporting 2Q and ~15% since the beginning of September just before a short report. A new short report emerged in October, that centered around staffing levels at ACHC facilities, drawing

a line from staffing levels to a variety of incidents at ACHC facilities. It suggests that ACHC will need to increase staffing levels, resulting in lower margins. We would remind investors that: 1) **ACHC generally treats a troubled patient population, there have been similar pieces on UHS [Acadia's competitor] by Buzzfeed**, and 2) the piece does highlight insider sales last summer, which remains a sticking point for many investors. In short nothing we haven't seen before, but likely an overhang on the stock. The larger concern is if the headline risk impacts operations from more regulator scrutiny. [Stephens, 10/17/18, emphasis added]

We also believe competition could make it more difficult to fill beds and **recently published reports alleging abuse at ACHC facilities could heighten the regulatory environment** and/or change referral behavior and negatively affect occupancy rates. [Craig Hallum, 10/17/18, emphasis added]

**B. Acadia's stock price did not react to the November 16, 2018 alleged corrective disclosure, but rather reacted to news unrelated to the alleged fraud about the potential sale of Acadia, which demonstrates that the alleged misrepresentations regarding Acadia's U.S. operations did not have price impact**

35. Plaintiffs allege that Acadia's stock price was inflated during the alleged Class Period as a result of alleged misrepresentations regarding the "quality," "staff[ing]" and "compliance" of Acadia's U.S. facilities.<sup>45</sup> Plaintiffs claim that the publication of the *Seeking Alpha* article on November 16, 2018 corrected Acadia's stock price by revealing the alleged truth that Acadia's recent revenue and margin increases were due to "cost-cutting and 'reducing the quality of care.'"<sup>46</sup> Thus, according to Plaintiffs' theory, the alleged misrepresentations regarding Acadia's U.S. operations impacted Acadia's stock price and caused the price to be artificially inflated, and this inflation was "eliminated" by the corrective disclosures in the *Seeking Alpha* article.<sup>47</sup>

36. Contrary to Plaintiffs' theory, the intraday price movements and trading volume of Acadia's stock show that the price decline on November 16 was *not* due to the information allegedly disclosed in the *Seeking Alpha* article but rather due to negative news about the

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<sup>45</sup> Complaint, ¶3.

<sup>46</sup> Complaint ¶¶11,190.

<sup>47</sup> Complaint, ¶179,192,232.

potential sale of Acadia.<sup>48</sup> There were two news events that occurred on November 16: the alleged corrective disclosure, published in a *Seeking Alpha* article at 8:57 AM, before the market open, and a CNBC report published at 9:45 AM, after the market open. The later CNBC report on Acadia disclosed negative news unrelated to the alleged fraud. An analysis of intraday price movement and trading volume shows that Acadia's stock *did not* react after the *Seeking Alpha* article was published but rather reacted later in the day *after* the CNBC report came out.

37. The *Seeking Alpha* article was published before market hours, at 8:57 AM, on November 16. Acadia's stock opened at a price of \$37.61 at 9:30 AM on November 16. By 9:43 AM, Acadia's stock was at \$37.42, a decline of 1.16% from the prior day's closing of \$37.86. Acadia's stock price decline in the first 13 minutes of trading was consistent with the decline of the market index over the same time period (the NASDAQ Composite index declined from \$7,259.03 to \$7,182.08, a decline of 1.06%). Thus, there was no reaction in Acadia's stock after the publication of the *Seeking Alpha* article.

38. On the same day, November 16, 2018, after the *Seeking Alpha* article was released, CNBC's David Faber reported negative news about Acadia's sale process.<sup>49</sup> In particular, CNBC reported that the process for the potential sale of Acadia had "stalled." News about the potential sale of Acadia was considered important to the market. For example, as discussed below, news about the potential sale of Acadia in October 2018 had caused an increase in Acadia's stock price. The CNBC report was made at 9:45 AM, 48 minutes after the *Seeking Alpha* article was released and 15 minutes after the market opened. Bloomberg News followed immediately with a one-sentence story at 9:45 AM: "Acadia Healthcare Sales Process Said to Have Stalled: CNBC's Faber."<sup>50</sup> Immediately after the CNBC report and Bloomberg story, Acadia's stock price began to decline on very high trading volume, triggering a trading halt two minutes later at 9:47 AM. There were 460,224 shares of Acadia traded in the two minutes between the CNBC report and the trading halt, about five times more than the 91,903 shares traded in the first 13 minutes of trading on November 16. Trading was resumed a few minutes

<sup>48</sup> "Acadia Healthcare: Very Scary Findings From A 14-Month Investigation," *Seeking Alpha*, November 16, 2018.

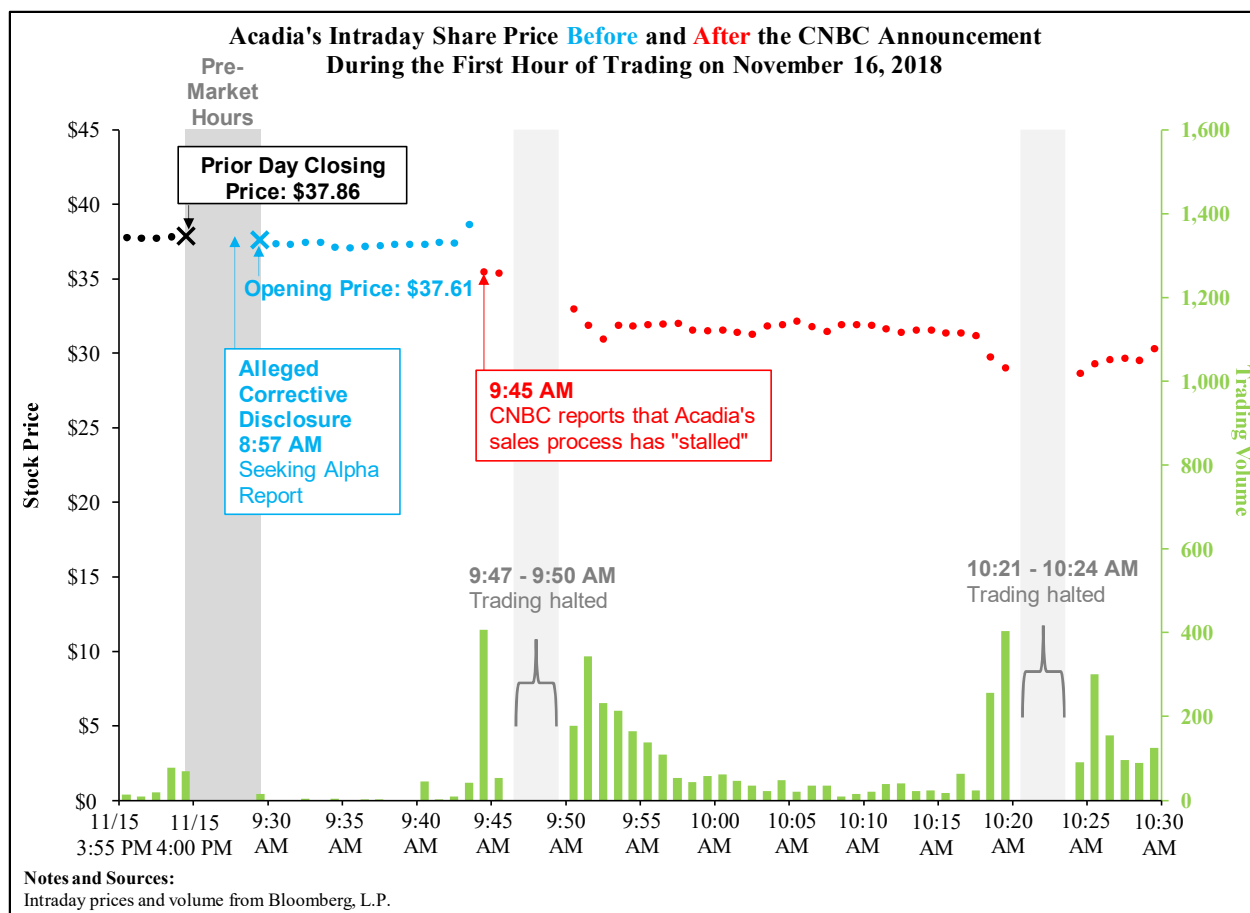
<sup>49</sup> [https://archive.org/details/CNBC\\_20181116\\_140000\\_Squawk\\_on\\_the\\_Street/start/2700/end/2760](https://archive.org/details/CNBC_20181116_140000_Squawk_on_the_Street/start/2700/end/2760)

<sup>50</sup> "Acadia Healthcare Sales Process Said to Have Stalled: CNBC's Faber," *Bloomberg*, November 16, 2018, 9:45 AM. See, also, "09:45 EDT Acadia sales process has been stalled, CNBC's Faber reports," *theflyonthewall*, November 16, 2018, 9:45 AM.



later. Acadia's stock declined by 12% from 9:43 AM, right before the CNBC report, to 9:51 AM, right after trading resumed. Acadia's stock continued to decline triggering a second trading halt at 10:21 AM. Trading again resumed a few minutes later. Acadia's stock declined by 23% from 9:43 AM, right before the CNBC report, to 10:25 AM, right after trading resumed after the second trading halt. Acadia's stock hit an intraday low of \$28.59 at 10:49 AM before closing at \$32.55.

39. The chart below shows Acadia's intraday stock price and volume during the first hour of trading on November 16, 2018, along with the *Seeking Alpha* alleged corrective disclosure, the CNBC report and the trading halts. The black dots show Acadia's stock price at the end of the prior day's closing, the blue dots show Acadia's stock price from the opening of the market until before the CNBC report and the red dots show Acadia's price after the CNBC report was released. As shown in the chart, Acadia's stock price did not react after the *Seeking Alpha* article was published (the black and blue dots remained at the same level) and the price only dropped after the CNBC report came out at 9:45 AM (the red dots). The green bars show Acadia's trading volume per minute. As shown in the chart, Acadia's volume was low after the *Seeking Alpha* article was published but increased substantially after the CNBC report came out at 9:45 AM.



40. Contrary to Plaintiffs' theory, analysts attributed the decline in Acadia's stock price on November 16, 2018 to the negative news about Acadia's sales process and not to the *Seeking Alpha* article. In particular, four analysts issued reports covering the news on November 16. All four analysts attributed Acadia's stock price decline on that day to the negative news about Acadia's sales process and none of the analysts even mentioned the *Seeking Alpha* article.

We reiterate our Strong Buy rating on shares of ACHC, but are lowering our price target to \$40 (form \$45) on reports by CNBC and other media outlets that the previously reported go-private transaction has stalled. This report caused shares to fall 23% in early morning trading. [Raymond James, 11/16/18]

CNBC reports that ACHC's sales process has stalled, and that the process does "not look particularly promising." [...] The stock is trading down 20% intraday on the news. [Cantor Fitzgerald, 11/16/18]

CNBC's David Faber tweeted on Nov 16 regarding issues with the ACHC sale process that has been recently reported in the NY Post driving a 20% intra-day sell off and 14% sell off at market close. [Leerink, 11/19/18]

Last week, ACHC shares fell 23% as expectations for a private equity buyout faltered. [Credit Suisse, 11/20/18]

41. Similarly, Rice Hall James & Associates, the investment advisor for one of the proposed class representatives, attributed Acadia's price decline on November 16, 2018 to "a press report saying PE buyout talks have stalled" and did not even mention the *Seeking Alpha* article.<sup>51</sup>

42. According to Mr. Dalrymple's testimony, analysts discuss new "value-relevant information" if that information has a "significant" impact on the share price.<sup>52</sup> Thus, according to Mr. Dalrymple's testimony, the "value-relevant information" that impacted Acadia's stock price on November 16 was the negative news about Acadia's sales process and not the alleged corrective information in the *Seeking Alpha* article.

43. Several news stories also attributed the price decline on November 16 to the CNBC report.<sup>53</sup> In fact, the same author of the *Seeking Alpha* article published another article four days later, in which he attributed Acadia's price decline on November 16 to the CNBC report and not his own article.<sup>54</sup> Plaintiffs cite an article published in the Motley Fool website by Brian Feroldi. Mr. Feroldi wrote that the decline in Acadia's price on November 16 "appears to be linked to the release of a report from a short-seller."<sup>55</sup> However, Mr. Feroldi's article was the only news story that attributed Acadia's stock price decline to the *Seeking Alpha* article.

44. Further evidence that Acadia's stock price decline on November 16, 2018 was due to negative news about the sale process and not the alleged corrective disclosure is the fact that Acadia's stock price increased when *positive* news about the sales process was announced in the month before November 16, 2018.

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<sup>51</sup> RHJA0000073.

<sup>52</sup> Dalrymple Deposition at 98:13-22.

<sup>53</sup> See, for example, "09:48 EDT Acadia sinks after CNBC's Faber says sales process has stalled," Theflyonthewall.com, November 16, 2018, "Acadia Healthcare deal with KKR is not ill-fated: source," New York Post, November 19, 2018, "Acadia hammered on report sale talks stalling," *Nashville Post*, November 19, 2018, "Amid chatter that deal is falling apart, report says Acadia sale talks are on track," Nashville Business Journal Online, November 20, 2018. and "Purported Buyout Of Acadia Healthcare By KKR: 'Takeover Chatter' Should Be Verifiable When Lives Are On The Line," *Seeking Alpha*, November 20, 2018.

<sup>54</sup> "Purported Buyout Of Acadia Healthcare By KKR: 'Takeover Chatter' Should Be Verifiable When Lives Are On The Line," *Seeking Alpha*, November 20, 2018.

<sup>55</sup> "Here's Why Acadia Healthcare Company Inc. Is Plummeting," *Motley Fool*, November 16, 2018. Note that there was no decline in Acadia's stock price after Motley Fool article was released at 12:31 PM. In particular, Acadia's stock price *increased* 1% in the next half-hour and 6% by the time the market closed on November 16.

45. On October 18, 2018, *Reuters* reported that Acadia was “in talks with private equity firms” KKR & Co and TPG Global about selling itself in a leveraged buyout. Acadia’s stock price increased 8% on October 18, a statistically significant price increase according to Mr. Dalrymple’s event study.<sup>56</sup> Analysts attributed the price increase to the buyout news and speculated that a deal could close in the “\$40-45/share” range (Acadia’s stock price closed at \$35.77 on October 17, 2018).

Acadia shares gained nearly 8% on Thursday following a Reuters report of potential LBO talks with KKR and TPG. [RBC, 10/18/18]

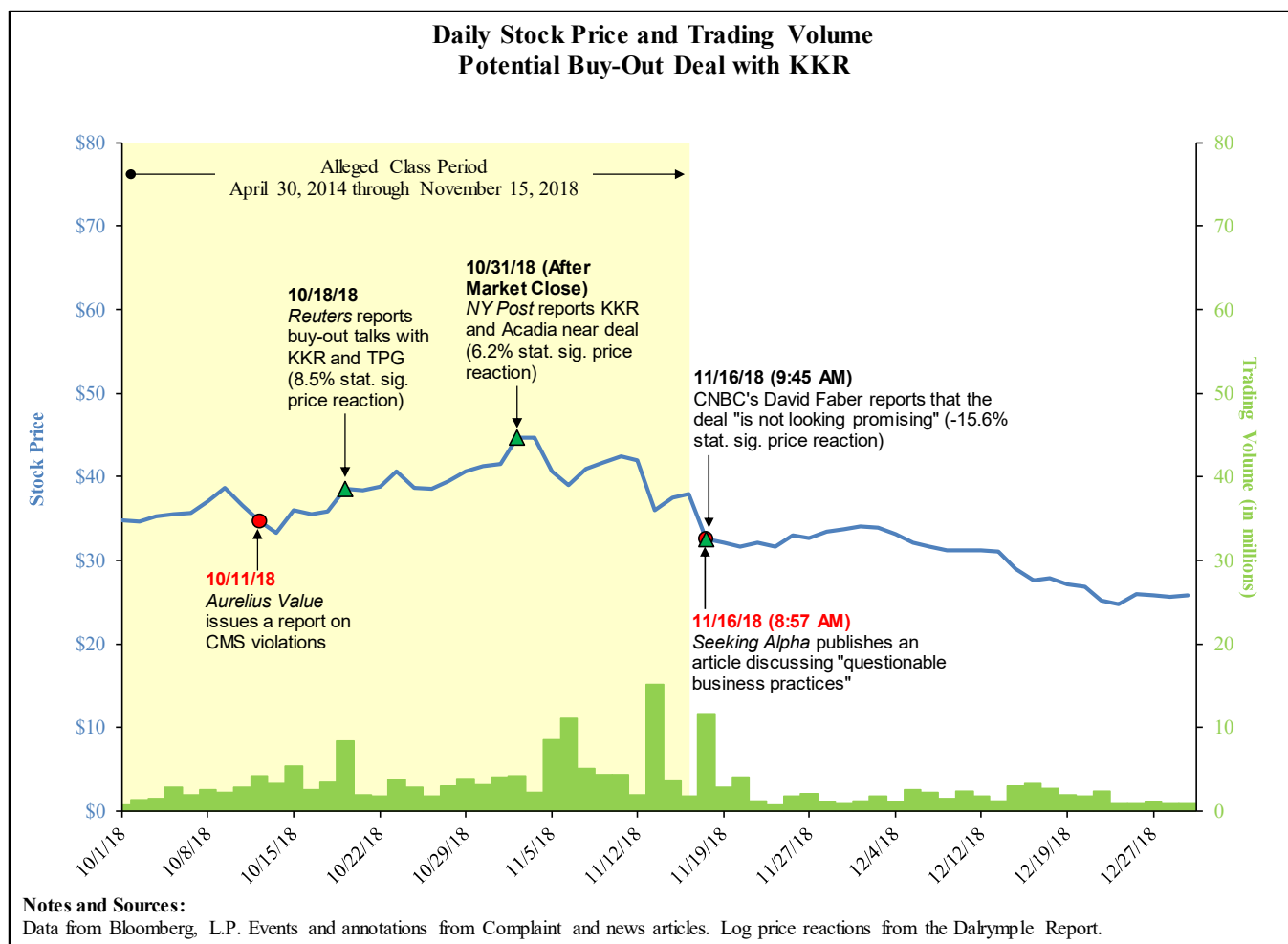
ACHC’s stock is up >5-10% following press reports suggesting the company has been approached by PE firms, including KKR and TPG. [...] Per our analysis, we think an LBO in the \$40-45/share range could make sense for a PE bidder, with perhaps some optionality from separating the US and UK operations over time. [Baird, 10/18/18]

46. On October 31, 2018, after market close, the *New York Post* reported that KKR was “nearing a deal” to buy Acadia. Acadia’s stock price increased 8% on November 1, a statistically significant price increase according to Mr. Dalrymple’s event study.<sup>57</sup> The chart below shows Acadia’s stock, the news stories about Acadia’s potential sale and the alleged corrective disclosures related to Acadia’s U.S. operations.

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<sup>56</sup> Dalrymple backup, “Rolling Regression Outputs.xlsx.”

<sup>57</sup> Dalrymple backup, “Rolling Regression Outputs.xlsx.”



47. In sum, a detailed review and analysis of the intraday price movements separating two events and the analyst and market commentary shows that Acadia's price reaction on November 16, 2018 was not due to the alleged corrective disclosure in the *Seeking Alpha* article, but rather to news unrelated to the alleged fraud about the potential sale of Acadia, which demonstrates that the alleged misrepresentations regarding Acadia's U.S. operations did not have price impact.

**C. Further evidence that the alleged misrepresentations regarding Acadia’s U.S. operations did not impact Acadia’s stock price prior to the alleged corrective disclosures is that the stock price did not react to the disclosure of numerous similar news stories regarding the quality of care at Acadia’s U.S. facilities**

48. Plaintiffs’ theory is that the alleged misrepresentations impacted Acadia’s stock price because they misrepresented or concealed the alleged truth regarding the “quality,” “staff[ing]” and “compliance” of Acadia’s U.S. facilities.<sup>58</sup> Plaintiffs claim that the October 11, 2018 *Aurelius Value* report and the November 16, 2018 *Seeking Alpha* article revealed the alleged truth regarding the quality of care at Acadia’s U.S. facilities that was concealed by the alleged fraud. Plaintiffs claim that the *Aurelius Value* report disclosed “systematic instances of patient abuse and neglect at dozens of Acadia facilities, caused primarily by understaffing” and that the *Seeking Alpha* article disclosed “severe problems” at several of Acadia’s facilities that were “consistent with declining quality of care” and that “due to the number of suicides at some of their facilities, Acadia’s ability to accept certain patients has been restricted by state-level governments.”<sup>59</sup> As discussed above, neither of the two alleged corrective disclosures had price impact. Moreover, information regarding the quality of care at Acadia’s U.S. facilities of the type that Plaintiffs allege is “corrective” of the alleged misrepresentations was released on a number of other occasions during the alleged Class Period. As with the *Aurelius Value* and *Seeking Alpha* reports, there was no price reaction in Acadia’s stock price after any of these announcements, and no indication that these announcements changed analysts’ perceptions of the quality of care at Acadia’s U.S. facilities, demonstrating that the alleged misrepresentations regarding Acadia’s U.S. operations did not have price impact.

49. We reviewed publicly available information to see if negative information regarding “quality,” “staffing” and “compliance” issues at Acadia’s facilities of the type Plaintiffs allege was concealed by the alleged fraud was released during the alleged Class Period, and analyzed whether there was any stock price reaction after the release of this “corrective” type of information. We found no evidence of any stock price reaction to these similar disclosures. In particular, there were public reports and articles disclosing “quality,” “staffing”

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<sup>58</sup> Complaint, ¶3.

<sup>59</sup> Complaint, ¶¶185 and 190.

and “compliance” issues at Acadia’s facilities during the alleged Class Period and no statistically significant price reaction after these disclosures. In other words, the release of information on quality of care issues at Acadia’s U.S. facilities that Plaintiffs claim would have been corrective did not cause any statistically significant movement in Acadia’s stock price. The lack of any price reaction to the release of this information is consistent with the lack of a price reaction to the allegedly corrective information regarding the quality of care at Acadia’s U.S. facilities in the *Aurelius Value* and *Seeking Alpha* reports, and further demonstrates that the alleged misrepresentations did not have price impact.

50. In particular, we analyzed 22 public reports and articles disclosing “quality,” “staffing” and/or “compliance” issues at Acadia’s facilities. According to both Mr. Dalrymple’s and the alternative event study, there was no statistically significant price reaction after the release of 21 of the 22 disclosures of quality of care issues at Acadia’s U.S. facilities.<sup>60</sup> On the one date when there was a statistically significant price decline, September 15, 2017, the evidence indicates that Acadia’s price reaction was *not* due to news about quality of care but rather due to negative news unrelated to the alleged fraud. In particular, there were two negative news events on September 15, 2017: a WXYZ Detroit article disclosing quality of care issues at one of Acadia’s facilities that was published on September 14 at 10:58 PM,<sup>61</sup> before market open on September 15, and a CNBC report discussing negative news unrelated to the alleged fraud that was published on September 15 at 11:37 AM, after market open.<sup>62</sup> The WXYZ Detroit article discussed quality of care issues at Acadia’s Metro Detroit psychiatric hospital and the CNBC report disclosed that a bill to repeal and replace key parts of the Affordable Care Act (“ACA”) had almost enough votes to pass. An analysis of Acadia’s intraday price movement and trading volume shows that Acadia’s stock *did not* react after the WXYZ Detroit article was

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<sup>60</sup> According to Mr. Dalrymple, when analyzing the statistical significance of a price reaction to an event, the 95% statistical confidence level is the commonly applied standard. Deposition of W. Scott Dalrymple, June 3, 2021, 137:24-139:17. Using the 95% confidence level means that there is a 5% chance of finding a statistically significant price reaction even when there is no company-specific news of importance to the market, and the stock price moves solely due to its normal daily fluctuations. Thus, for every 22 price reactions analyzed at the 95% confidence level, on average, it is expected that one will be statistically significant for no reason other than the normal daily variation in the stock price (5% of 22 equals 1.10).

<sup>61</sup> “Ex-employees: Metro Detroit psych hospital so understaffed it’s dangerous,” *WXYZ Detroit*, September 14, 2017, 10:58 PM.

<sup>62</sup> “Senator says Obamacare repeal bill close to enough votes to pass, but there’s reason to be skeptical,” *CNBC*, September 15, 2017, 11:37 AM.

published but rather reacted later in the day *after* the CNBC report came out. Further evidence that the reaction was not due to the quality of care announcement but rather due to negative news unrelated to the alleged fraud is that none of the three analysts that issued reports after September 15 mentioned the WXYZ Detroit article or indicated in any way that the market had learned anything new about the quality of care at Acadia's U.S. facilities.<sup>63</sup> Instead, Jefferies, one of the analysts that issued a report after September 15, explicitly attributed the recent weakness in Acadia's stock to the negative news in the CNBC report, noting that the ACA repeal bill was "gaining traction."<sup>64</sup>

51. We reviewed reports and commentary by analysts covering Acadia during the alleged Class Period to determine whether any of the public reports and articles discussing quality of care issues at Acadia's facilities described above changed the market's perception about the quality of care at Acadia's U.S. facilities as Plaintiffs claim. The results of my review are consistent with the lack of any price reaction to these events. None of the analysts covering Acadia made any comment that is consistent with Plaintiffs' theory that the revelation of these types of "quality," "staffing" and "compliance" issues at Acadia's facilities were corrective of the alleged fraud. Instead, in reports during the alleged Class Period, analysts noted that behavioral health facilities are frequently the subject of negative news stories. For example:

Behavioral health services have also frequently been the subject of adverse press accounts and unfavorable public opinion, which can slow the demand for services provided by individual behavioral health services providers. [Cantor Fitzgerald, May 5, 2014]

Due to the fragile nature of the patient population, behavioral providers have historically been subject to critical news headlines following adverse patient outcomes. In some cases, negative headlines have contributed to state/federal surveys and/or admissions holds from key referral sources. [Baird, August 5, 2015]

Occasionally behavioral health facilities have negative news stories written about them and this can put negative pressure on the stock price of these companies. Sometimes there may be government investigations opened to look into the allegations further and this can create uncertainty for investors. [Craig Hallum, February 16, 2016]

52. The table below shows the 22 public reports and articles discussing quality of care issues at Acadia's U.S. facilities, along with whether there was a statistically significant price

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<sup>63</sup> *Jefferies*, September 20, 2017, *Raymond James*, September 21, 2017, and *Stephens*, September 21, 2017.

<sup>64</sup> *Jefferies*, September 20, 2017.



reaction after the release of these reports and articles and whether analyst commentary is consistent with Plaintiffs' theory.

Market Reactions to Reports Related to Acadia's U.S. Operations						
Date Event & Reaction	Event	Source	Stat. Sig. Price Reaction?			Analyst Comment Consistent with Plaintiffs' Theory?
			Dalrymple Event Study	Alternative Event Study		
1. 8/23/15 & 8/24/15	Sierra Tucson pays state civil penalties	Arizona Daily Star	No	No		No
2. 11/7/15 & 11/9/15	Fort Myers staff allegedly missed "red flags" when hiring employee who allegedly sexually assaulted patients	Naples Daily News	No	No		No
3. 4/11/16 & 4/11/16	DHS Confirms Investigation into Piney Ridge	KNWA Fox24	No	No		No
4. 5/6/16 & 5/6/16	Allegations of staff forcing children to fight at Piney Ridge	KNWA Fox24	No	No		No
5. 6/20/16 & 6/20/16	Park Royal Hospital settles sexual abuse lawsuit	News Press	No	No		No
6. 6/22/16 & 6/22/16	Lawsuit alleging rape of minor in presence of Acadia employee	5 News Online	No	No		No
7. 7/15/16 & 7/18/16	Lawsuit alleging negligence in alleged on-site rape	5 News Online	No	No		No
8. 12/2/16 & 12/2/16	Teen sentenced to probation for raping three boys and trying to assault another at an Acadia facility	RawStory	No	No		No
9. 6/13/17 & 6/13/17	Boy dies after allegedly left in a hot van by Acadia staff for eight hours	Inside Edition	No	No		No
10. 6/16/17 & 6/19/17	Four charged in Acadia daycare van death	Arkansas Times	No	No		No
11. 9/14/17 & 9/15/17	Alleged Understaffing at Metro Detroit	WXYZ News	Yes	Yes		No
12. 12/18/17 & 12/19/17	NLR Childcare Center under investigation by DHS for alleged child mistreatment	Fox 16 News	No	No		No
13. 1/3/18 & 1/4/18	Sex crime alleged by Park Royal patient	News Press	No	No		No
14. 2/13/18 & 2/14/18	Allegations of staff encouraging fights and violence with kids at youth facility	WISH TV	No	No		No
15. 2/14/18 & 2/15/18	Two suicides in five days alleged at Belmont	Meningitis Etc.	No	No		No
16. 2/17/18 & 2/20/18	Alleged understaffing at Priory's Roehampton hospital	Daily Mail	No	No		No
17. 2/19/18 & 2/20/18	CEO of Park Royal Hospital steps down	News Press	No	No		No
18. 4/11/18 & 4/12/18	Former Piney Ridge employee accused of trying to solicit a nude photo from a former underage patient	5 News Online	No	No		No
19. 4/13/18 & 4/16/18	DCS placed a referral hold on Resource Residential Treatment Facility	WISH TV	No	No		No
20. 5/23/18 & 5/23/18	Wrongful death lawsuit against Sonora Behavioral Health after 17-year-old patient commits suicide	Tucson News Now	No	No		No
21. 5/25/18 & 5/25/18	Patient referrals temporarily halted at Ohio Hospital for Psychiatry	Columbus Dispatch	No	No		No
22. 8/22/18 & 8/23/18	Lemont counselor charged with sexually assaulting patient during therapy sessions	ABC 7 Chicago	No	No		No
<b>Notes and Sources:</b>						
Events from Factiva, "Acadia Healthcare: Destructive Greed," <i>Aurelius Value</i> , October 11, 2018, and "Acadia Healthcare: Very Scary Findings From A 14-Month Investigation," <i>Seeking Alpha</i> , November 16, 2018. Event study results from the Dalrymple Report and alternative event study methodology detailed in Section VI.						

53. In sum, Plaintiffs claim that the alleged inflation in Acadia's stock price, caused by the alleged misrepresentations regarding quality of care issues at Acadia's U.S. facilities, was corrected by the *Aurelius Value* and *Seeking Alpha* reports, neither of which had price impact. Moreover, similar disclosures regarding quality of care issues at Acadia's U.S. facilities of the type Plaintiffs allege is corrective of the alleged misrepresentations were also announced during the alleged Class Period to no reaction. As with the *Aurelius Value* and *Seeking Alpha* reports, there was no price reaction in Acadia's stock price after any of these announcements, and no indication that these announcements changed analysts' perceptions of the quality of care at Acadia's U.S. facilities, further demonstrating that the alleged misrepresentations did not have price impact.<sup>65</sup>

**D. Acadia warned and analysts noted, before and during the alleged Class Period, that incidents in Acadia's psychiatric hospitals could lead to negative publicity and media coverage**

54. It is not surprising that the alleged corrective disclosures did not have price impact because Acadia warned and analysts noted, before and during the alleged Class Period, that incidents in Acadia's psychiatric hospitals could lead to negative publicity and media coverage. For example, in its Form 10-K for 2013, filed on February 21, 2014 (before the alleged Class Period), Acadia warned of the potential risk of "negative publicity or unfavorable media attention as a result of incidents involving" its patients.

"We have been and could become the subject of negative media coverage as a result of incidents involving one or more of our patients. If we were to receive such negative publicity or unfavorable media attention, whether warranted or unwarranted,

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<sup>65</sup> Additional evidence contrary to Plaintiffs' theory is the pattern of Acadia's same-store admissions growth following the alleged corrective disclosures. Given Plaintiffs' theory, one would expect the number of patients at Acadia's facilities to decline after the alleged truth regarding the quality of care at Acadia's U.S. facilities was disclosed to the market. However, the number of patients at Acadia's facilities did not decline after the alleged Class Period. On the contrary, Acadia reported positive growth in its same-store admissions. (Same-store admissions is a metric used to measure the annual change in the number of patients in the company's facilities that have been operating for a year or more). Acadia's same-store admissions grew for six consecutive quarters after the end of the alleged Class Period (from the fourth quarter of 2018 to the first quarter of 2020). Moreover, Acadia's same-store admissions growth outpaced its closest competitor, UHS, for every quarter after the alleged Class Period to the present. See Acadia Healthcare, Inc. and Universal Health Services, Inc. SEC Filings.

the trading price of our common stock and reputation could be significantly, adversely affected.”<sup>66</sup>

55. Acadia repeated identical or substantially similar statements regarding the risks associated with its business operations in its 10-Ks for 2014-2017, filed during the alleged Class Period on February 27, 2015,<sup>67</sup> February 26, 2016,<sup>68</sup> February 24, 2017,<sup>69</sup> and February 27, 2018.<sup>70</sup>

56. Analysts both prior to and during the alleged Class Period noted that the market was aware of the risk that incidents in Acadia’s psychiatric hospitals could lead to negative publicity and media coverage.

Acadia **could become the subject of negative publicity or media coverage** as a result of incidents involving its patients. This could result in increased regulatory burdens, governmental investigations and judgments or fines against the company. [Wells Fargo, 12/6/13, emphasis added]

The behavioural health industry has in the past been the subject of negative media reports for problems at facilities where patients have harmed themselves or others. While ACHC has instituted training policies and procedures across all of its facilities to reduce this risk, **we are likely to see more negative headlines in the future.** [UBS, 10/22/14, emphasis added]

Finally, companies in the behavioral health industry are **exposed to headline risk, or the potential for unfavorable public attention**, often brought about by journalists. Acadia’s principal competitor in the United States, UHS, was the subject of a series of journalist reports that criticized some of UHS’s treatment practices and staff conduct at certain facilities. UHS shares fell due to the unfavorable public attention. Even when negative publicity arises in relation to a competitor like UHS, that negative attention can bleed over to Acadia as well. [Credit Suisse, 11/2/17, emphasis added]

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<sup>66</sup> Acadia 2013 Form 10-K, filed February 21, 2014, p. 13.

<sup>67</sup> Acadia 2014 Form 10-K, filed February 27, 2015, p. 24.

<sup>68</sup> Acadia 2015 Form 10-K, filed February 26, 2016, p. 22.

<sup>69</sup> Acadia 2016 Form 10-K, filed February 24, 2017, p. 19.

<sup>70</sup> Acadia 2017 Form 10-K, filed February 27, 2018, p. 19.

A handwritten signature in black ink, appearing to read "Lucy P. Allen", written over a horizontal line.

Lucy P. Allen



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## **LUCY P. ALLEN** **MANAGING DIRECTOR**

### **Education**

#### **YALE UNIVERSITY**

M.Phil., Economics, 1990

M.A., Economics, 1989

M.B.A., 1986

#### **STANFORD UNIVERSITY**

A.B., Human Biology, 1981

### **Professional Experience**

1994-Present

#### **National Economic Research Associates, Inc.**

Managing Director. Responsible for economic analysis in the areas of securities, finance and environmental and tort economics.

Senior Vice President (2003-2016).

Vice President (1999-2003).

Senior Consultant (1994-1999).

1992-1993

#### **Council of Economic Advisers, Executive Office of the President**

Staff Economist. Provided economic analysis on regulatory and health care issues to Council Members and interagency groups. Shared responsibility for regulation and health care chapters of the *Economic Report of the President, 1993*. Working Group member of the President's National Health Care Reform Task Force.

1986-1988

#### **Ayers, Whitmore & Company (General Management Consultants)**

1983-1984

Senior Associate. Formulated marketing, organization, and overall business strategies including:

Plan to improve profitability of chemical process equipment manufacturer.

Merger analysis and integration plan of two equipment manufacturers.

Evaluation of Korean competition to a U.S. manufacturer.

Diagnostic survey for auto parts manufacturer on growth obstacles.

Marketing plan to increase international market share for major accounting firm.

Summer 1985

**WNET/Channel Thirteen, Strategic Planning Department**

Associate. Assisted in development of company's first long-term strategic plan. Analyzed relationship between programming and viewer support.

1981-1983

**Arthur Andersen & Company**

Consultant. Designed, programmed and installed management information systems. Participated in redesign/conversion of New York State's accounting system. Developed municipal bond fund management system, successfully marketed to brokers. Participated in President's Private Sector Survey on Cost Control (Grace Commission). Designed customized tracking and accounting system for shipping company.

**Teaching**

1989- 1992

**Teaching Fellow, Yale University**

Honors Econometrics

Intermediate Microeconomics

Competitive Strategies

Probability and Game Theory

Marketing Strategy

Economic Analysis

**Publications**

"Snapshot of Recent Trends in Asbestos Litigation: 2021 Update," (co-author), NERA Report, 2021.

"The Short-Term Effect of Goodwill Impairment Announcements on Companies' Stock Prices" (co-author), *International Journal of Business, Accounting and Finance*, Volume 14, Number 2, Fall 2020.

"Snapshot of Recent Trends in Asbestos Litigation: 2020 Update," (co-author), NERA Report, 2020.

"Snapshot of Recent Trends in Asbestos Litigation: 2019 Update," (co-author), NERA Report, 2019.

"Snapshot of Recent Trends in Asbestos Litigation: 2018 Update," (co-author), NERA Report, 2018.

"Trends and the Economic Effect of Asbestos Bans and Decline in Asbestos Consumption and Production Worldwide," (co-author), *International Journal of Environmental Research and Public Health*, 15(3), 531, 2018.

“Snapshot of Recent Trends in Asbestos Litigation: 2017 Update,” (co-author), NERA Report, 2017.

“Asbestos: Economic Assessment of Bans and Declining Production and Consumption,” World Health Organization, 2017.

“Snapshot of Recent Trends in Asbestos Litigation: 2016 Update,” (co-author), NERA Report, 2016.

“Snapshot of Recent Trends in Asbestos Litigation: 2015 Update,” (co-author), NERA Report, 2015.

“Snapshot of Recent Trends in Asbestos Litigation: 2014 Update,” (co-author), NERA Report, 2014.

“Snapshot of Recent Trends in Asbestos Litigation: 2013 Update,” (co-author), NERA Report, 2013.

“Asbestos Payments per Resolved Claim Increased 75% in the Past Year – Is This Increase as Dramatic as it Sounds? Snapshot of Recent Trends in Asbestos Litigation: 2012 Update,” (co-author), NERA Report, 2012.

“Snapshot of Recent Trends in Asbestos Litigation: 2011 Update,” (co-author), NERA White Paper, 2011.

“Snapshot of Recent Trends in Asbestos Litigation: 2010 Update,” (co-author), NERA White Paper, 2010.

“Settlement Trends and Tactics” presented at Securities Litigation During the Financial Crisis: Current Development & Strategies, hosted by the New York City Bar, New York, New York, 2009.

“Snapshot of Recent Trends in Asbestos Litigation,” (co-author), NERA White Paper, 2009.

“China Product Recalls: What’s at Stake and What’s Next,” (co-author), NERA Working Paper, 2008.

“Forecasting Product Liability by Understanding the Driving Forces,” (co-author), The International Comparative Legal Guide to Product Liability, 2006.

“Securities Litigation Reform: Problems and Progress,” Viewpoint, November 1999, Issue No. 2 (co-authored).

“Trends in Securities Litigation and the Impact of the PSLRA,” Class Actions & Derivative Suits, American Bar Association Litigation Section, Vol. 9, No. 3, Summer 1999 (co-authored).

“Random Taxes, Random Claims,” Regulation, Winter 1997, pp. 6-7 (co-authored).

## **Depositions & Testimony (4 years)**

Deposition Testimony before the United States District Court, District of Colorado, in *Cipriano Correa, et al. v. Liberty Oilfield Services Inc., et al.*, 2022.

Deposition Testimony before the Superior Court of New Jersey, Middlesex County, in *Dana Transport, Inc. et al., vs. PNC Bank et al.*, 2021.

Deposition Testimony before the United States District Court, Western District of North Carolina, in *Cheyenne Jones and Sara J. Gast v. Coca-Cola Consolidated Inc., et al.*, 2021.

Deposition Testimony before the Superior Court of New Jersey, Hudson County, in *Oklahoma Firefighters Pension and Retirement System vs. Newell Brands Inc., et al.*, 2021.

Testimony and Deposition Testimony before the Court of Chancery of the State of Delaware in *Bardy Diagnostics Inc. v. Hill-Rom, Inc. et al.*, 2021.

Deposition Testimony before the Court of Chancery of the State of Delaware in *Arkansas Teacher Retirement System v. Alon USA Energy, Inc., et al.*, 2021.

Deposition Testimony before the United States Bankruptcy Court, Southern District of Texas, Houston Division, in *Natixis Funding Corporation v. Genon Mid-Atlantic, LLC*, 2021.

Deposition Testimony before the United States District Court, Southern District of California, in *James Miller et al. v. Xavier Becerra et al.*, 2021.

Deposition Testimony before the United States District Court, Western District of Oklahoma, in *Kathleen J. Myers v. Administrative Committee, Seventy Seven Energy, Inc. Retirement & Savings Plan, et al.*, 2020.

Testimony before the United States District Court, Southern District of California, in *James Miller et al. v. Xavier Becerra et al.*, 2020.

Deposition Testimony before the United States District Court, Middle District of Tennessee, in *Nikki Bollinger Grae v. Corrections Corporation of America, et al.*, 2020.

Deposition Testimony before the Supreme Court of the State of New York, County of New York, in *MUFG Union Bank, N.A. (f/k/a Union Bank, N.A.) v. Axos Bank (f/k/a Bank of Internet USA), et al.*, 2020.



Deposition Testimony before the United States District Court, Western District of Washington at Seattle, in *In re Zillow Group, Inc. Securities Litigation*, 2020.

Deposition Testimony before the United States District Court, Middle District of Tennessee, in *Zwick Partners LP and Aparna Rao v. Quorum Health Corporation*, 2019.

Testimony before the United States District Court, Southern District of Iowa, in *Mahaska Bottling Company, Inc., et al. v. PepsiCo, Inc. and Bottling Group, LLC*, 2019.

Testimony before the United States District Court, Southern District of New York, in *Chicago Bridge & Iron Company N.V. Securities Litigation*, 2019.

Deposition Testimony before the United States District Court, Middle District of Florida, in *Jacob J. Beckel v. Fagron Holdings USA, LLC et al.*, 2019.

Deposition Testimony before the United States District Court, Central District of California, Southern Division, in *Steven Rupp et al. v. Xavier Becerra et al.*, 2018.

Deposition Testimony before the Clark County District Court of Nevada in *Round Square Company Limited v. Las Vegas Sands, Inc.*, 2018.

Deposition Testimony before the United States District Court, Middle District of Tennessee, in *Nikki Bollinger Grae v. Corrections Corporation of America et al.*, 2018.

Deposition Testimony before the District Court for the State of Nevada in *Dan Schmidt v. Liberator Medical Holdings, Inc., et al.*, 2018.

Deposition Testimony before the United States District Court, Northern District of Illinois, Eastern Division, in *In re the Allstate Corporation Securities Litigation*, 2018.

Testimony before the American Arbitration Association in *Arctic Glacier U.S.A, Inc. and Arctic Glacier U.S.A., Inc. Savings and Retirement Plan v. Principal Life Insurance Company*, 2018.

Deposition Testimony before the United States District Court, Southern District of New York, in *Marvin Pearlstein v. Blackberry Limited et al.*, 2018.

Deposition Testimony before the United States District Court, Eastern District of Texas, in *Alan Hall and James DePalma v. Rent-A-Center, Inc., Robert D. Davis, and Guy J. Constant*, 2018.

Deposition Testimony before the United States District Court, Southern District of Iowa, in *Mahaska Bottling Company, Inc., et al. v. PepsiCo, Inc. and Bottling Group, LLC*, 2018.

Lucy P. Allen

Testimony and Deposition Testimony before the United States District Court, District of New Jersey, in *Association of New Jersey Rifle & Pistol Clubs, Inc. et al. v. Gurbir Grewal et al.*, 2018.

Deposition Testimony before the Supreme Court of the State of New York in *Bernstein Liebhard, LLP v. Sentinel Insurance Company, Ltd.*, 2018.

Deposition Testimony before the United States District Court, Southern District of New York, in *Andrew Meyer v. Concordia International Corp., et al.*, 2018.

Deposition Testimony before the United States District Court, Southern District of California, in *Virginia Duncan, et al. v. Xavier Becerra, et al.*, 2018.

## **Appendix B**

### **Materials Considered**

#### **Case Documents, Filings, and Court Decisions in this Matter**

1. Consolidated Complaint for Violations of the Federal Securities Laws, dated April 1, 2019
2. Memorandum Opinion of the Court on Defendants' Motion to Dismiss, dated January 20, 2021
3. Expert Report of W. Scott Dalrymple, dated May 3, 2021
4. Memorandum of Law in Support of Lead Plaintiffs' Motion for Class Certification, dated May 3, 2021
5. Deposition of W. Scott Dalrymple, dated June 3, 2021

#### **Documents produced by Mr. Dalrymple**

1. DALRYMPLE\_0000001-DALRYMPLE\_0010820

#### **SEC Filings**

1. Acadia 2013 Form 10-K, filed February 21, 2014
2. Acadia 1Q14 Form 10-Q, filed April 30, 2014
3. Acadia 2Q14 Form 10-Q, filed July 30, 2014
4. Acadia 3Q14 Form 10-Q, filed October 30, 2014
5. Acadia 2014 Form 10-K, filed February 27, 2015
6. Acadia 1Q15 Form 10-Q, filed April 29, 2015
7. Acadia 2Q15 Form 10-Q, filed August 5, 2015
8. Acadia 3Q15 Form 10-Q, filed November 4, 2015
9. Acadia 2015 Form 10-K, filed February 26, 2016
10. Acadia 1Q16 Form 10-Q, filed April 29, 2016
11. Acadia 2Q16 Form 10-Q, filed July 29, 2016
12. Acadia 3Q16 Form 10-Q, filed November 2, 2016
13. Acadia 2016 Form 10-K, filed February 24, 2017
14. Acadia 1Q17 Form 10-Q, filed April 26, 2017
15. Acadia 2Q17 Form 10-Q, filed July 28, 2017
16. Acadia 3Q17 Form 10-Q, filed October 25, 2017
17. Acadia 2017 Form 10-K, filed February 27, 2018
18. Acadia 1Q18 Form 10-Q, filed May 3, 2018
19. Acadia 2Q18 Form 10-Q, filed July 31, 2018
20. Acadia 3Q18 Form 10-Q, filed November 6, 2018
21. Acadia 2018 Form 10-K, filed March 1, 2019
22. Acadia 1Q19 Form 10-Q, filed May 1, 2019
23. Acadia 2Q19 Form 10-Q, filed July 31, 2019
24. Acadia 3Q19 Form 10-Q, filed November 6, 2019
25. Acadia 2019 Form 10-K, filed February 28, 2020
26. Acadia 1Q20 Form 10-Q, filed May 5, 2020
27. Acadia 2Q20 Form 10-Q, filed August 5, 2020
28. Acadia 3Q20 Form 10-Q, filed October 30, 2020
29. Acadia 2020 Form 10-K, filed February 26, 2021
30. Acadia 1Q21 Form 10-Q, filed April 30, 2021
31. UHS 2018 Form 10-K, filed February 27, 2019
32. UHS 1Q19 Form 10-Q, filed May 8, 2019
33. UHS 2Q19 Form 10-Q, filed August 8, 2019

## **Appendix B**

### **Materials Considered**

34. UHS 3Q19 Form 10-Q, filed November 8, 2019
35. UHS 2019 Form 10-K, filed February 26, 2020
36. UHS 1Q20 Form 10-Q, filed May 8, 2020
37. UHS 2Q20 Form 10-Q, filed August 7, 2020
38. UHS 3Q20 Form 10-Q, filed November 6, 2020
39. UHS 2020 Form 10-K, filed February 25, 2021
40. UHS 1Q21 Form 10-Q, filed May 7, 2021

#### **Acadia Conference Call Transcripts from Factiva**

1. Acadia Conference Call Transcripts from January 1, 2014 to December 31, 2018 from Factiva

#### **Acadia Financial Reports**

1. ACADIA00000050-00000509
2. ACADIA00000519-00000550

#### **Data**

*Bloomberg, L.P.*

1. Price and volume data for Acadia stock
2. Shares outstanding data for Acadia stock
3. Equity float data for Acadia stock
4. Short interest data for Acadia stock
5. Implied volatility data for Acadia stock
6. Price data for NASDAQ Composite Index
7. Price data for S&P 600 Health Care Providers & Services Index
8. Intraday price and volume data for Acadia stock
9. Intraday price and volume data for NASDAQ Composite Index
10. Intraday price and volume data for S&P 600 Health Care Providers & Services Index

*FactSet Research Systems, Inc.*

1. Institutional holdings data for Acadia stock
2. Insider holdings data for Acadia stock

#### **Academic Literature and Textbooks on Finance, Securities, Valuation, and Statistics**

1. Alexander, Janet C., "The Value of Bad News in Securities Class Actions," *UCLA Law Review*, 41: 1994
2. Bowman, Robert G., "Understanding and Conducting Event Studies," *Journal of Business Finance & Accounting*, 10(4): 1983
3. Brealey, Richard A., Stewart C. Myers and Franklin Allen, *Principles of Corporate Finance* (McGraw-Hill: New York, NY, 7th ed., 2003)

## **Appendix B**

### **Materials Considered**

4. Dunbar, Frederick C., and David I. Tabak, "Materiality and Magnitude: Event Studies in the Courtroom," *Litigation Services Handbook: The Role of the Financial Expert* (John Wiley & Sons, Inc.: New York, NY, 3rd ed., 2001), ch. 19
5. Fischel, Daniel R., "Use of Modern Finance Theory in Securities Fraud Cases Involving Actively Traded Securities," *The Business Lawyer* 38: 1982
6. Koch, James V., et al. "Do Investors Care if Steve Jobs is Healthy?" *Atlantic Economic Journal* 39(1): 2011
7. Krivin, D., et al., "Determination of the Appropriate Event Window Length in Individual Studies," available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=466161](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=466161), 2003
8. Hogg, Robert V. and Elliot A. Tanis, *Probability and Statistical Inference*, (Prentice Hall: Upper Saddle River, NJ, 5th ed., 1997)
9. MacKinlay, A. Craig, "Event Studies in Economics and Finance," *Journal of Economic Literature*, 35: 1997
10. James M. Patell & Mark A. Wolfson, "The Intraday Speed of Adjustment of Stock Prices to Earnings and Dividend Announcements," *Journal of Financial Economics* 13 (1984), 223-252.

#### **Legal Decisions on Class Certification and Market Efficiency**

1. *Cammer v. Bloom*, 711 F. Supp. 1264 (D.N.J. 1989).
2. *Halliburton I*, 131 S. Ct. 2179, 2186 (2011)
3. *Halliburton II*, 134 S. Ct. 2398 (2014)
4. *In Re TECO Energy Inc. Securities Litigation*, 2006 U.S. Dist. LEXIS 18101, M.D. Fla. March 30, 2006
5. *Barrie v. Intervoice-Brite, Inc.*, 2006 U.S. Dist. LEXIS 69299, N.D. Tex. Sept. 25, 2006
6. *Bricklayers & Trowel Trades International Pension Fund v. Credit Suisse Securities (USA) LLC*, 752 F.3d 82, 92, 1st Cir. 2014
7. *Goldman Sachs Group, Inc. v. Arkansas Teacher Retirement System*, 594 U. S. (2021)

#### **Document produced by one of the proposed class representative's investment managers**

1. RHJA0000073

#### **News Stories and Press Releases**

1. News stories from Factiva search with keywords related to Acadia from January 1, 2013 to December 31, 2019
2. Acadia Press Releases from January 1, 2014 to December 31, 2018 from Factiva
3. "Acadia Healthcare: Destructive Greed," *Aurelius Value*, October 11, 2018
4. "Acadia Healthcare: Very Scary Findings From A 14-Month Investigation," *Seeking Alpha*, November 16, 2018
5. "Purported Buyout Of Acadia Healthcare By KKR: 'Takeover Chatter' Should Be Verifiable When Lives Are On The Line," *Seeking Alpha*, November 20, 2018
6. News stories associated with incidents identified in *Aurelius Value* and *Seeking Alpha* reports acquired from Google and Factiva

## **Appendix B**

### **Materials Considered**

#### **Analyst Reports on Acadia Healthcare, Inc. and Healthcare Services Industry**

1. 2013.12.06 - Wells Fargo
2. 2013.12.17 - Susquehanna
3. 2014.01.03 - Avondale Partners
4. 2014.01.06 - Baird
5. 2014.01.06 - Bank of America
6. 2014.01.06 - Bank of America (2)
7. 2014.01.06 - Bank of America (3)
8. 2014.01.06 - Deutsche Bank
9. 2014.01.06 - Deutsche Bank
10. 2014.01.06 - Raymond James
11. 2014.01.06 - RBC
12. 2014.01.06 - Susquehanna
13. 2014.01.08 - Deutsche Bank
14. 2014.01.09 - RBC
15. 2014.01.10 - Avondale Partners
16. 2014.01.10 - Raymond James
17. 2014.01.17 - Craig Hallum
18. 2014.01.21 - RBC
19. 2014.01.21 - Stephens
20. 2014.01.27 - Jefferies
21. 2014.01.27 - Stephens
22. 2014.01.31 - Deutsche Bank
23. 2014.02.03 - Jefferies
24. 2014.02.03 - RBC
25. 2014.02.10 - Jefferies
26. 2014.02.10 - Wells Fargo
27. 2014.02.19 - Avondale Partners
28. 2014.02.19 - Baird
29. 2014.02.19 - Bank of Montreal
30. 2014.02.19 - Raymond James
31. 2014.02.19 - Susquehanna
32. 2014.02.19 - Wells Fargo
33. 2014.02.20 - Baird
34. 2014.02.20 - Bank of America
35. 2014.02.20 - Bank of America (2)
36. 2014.02.20 - Deutsche Bank
37. 2014.02.20 - Jefferies
38. 2014.02.20 - Raymond James
39. 2014.02.20 - RBC
40. 2014.02.20 - Stephens
41. 2014.02.21 - Bank of America
42. 2014.02.21 - RBC
43. 2014.02.21 - Wells Fargo
44. 2014.02.23 - Bank of Montreal
45. 2014.02.23 - Susquehanna
46. 2014.02.24 - Avondale Partners
47. 2014.02.24 - Craig Hallum
48. 2014.02.24 - Jefferies

**Appendix B**  
**Materials Considered**

49. 2014.02.24 - RBC
50. 2014.02.26 - RBC
51. 2014.03.03 - Cantor Fitzgerald
52. 2014.03.03 - RBC
53. 2014.03.04 - Baird
54. 2014.03.04 - Jefferies
55. 2014.03.04 - Stephens
56. 2014.04.04 - Bank of America
57. 2014.04.07 - Bank of Montreal
58. 2014.04.09 - Avondale Partners
59. 2014.04.17 - Deutsche Bank
60. 2014.04.18 - Baird
61. 2014.04.24 - Bank of America
62. 2014.04.24 - Craig Hallum
63. 2014.04.28 - Bank of Montreal
64. 2014.04.29 - Avondale Partners
65. 2014.04.29 - Baird
66. 2014.04.29 - Bank of America
67. 2014.04.29 - Bank of Montreal
68. 2014.04.29 - Raymond James
69. 2014.04.29 - Susquehanna
70. 2014.04.30 - Avondale Partners
71. 2014.04.30 - Baird
72. 2014.04.30 - Bank of America
73. 2014.04.30 - Craig Hallum
74. 2014.04.30 - Deutsche Bank
75. 2014.04.30 - Jefferies
76. 2014.04.30 - Raymond James
77. 2014.04.30 - RBC
78. 2014.04.30 - Stephens
79. 2014.04.30 - Susquehanna
80. 2014.04.30 - Wells Fargo
81. 2014.04.30 - Wells Fargo (2)
82. 2014.05.01 - Bank of Montreal
83. 2014.05.01 - RBC
84. 2014.05.02 - Baird
85. 2014.05.02 - Bank of America
86. 2014.05.02 - Bank of America (2)
87. 2014.05.02 - Deutsche Bank
88. 2014.05.02 - Jefferies
89. 2014.05.02 - Raymond James
90. 2014.05.02 - Stephens
91. 2014.05.05 - Cantor Fitzgerald
92. 2014.05.05 - Jefferies
93. 2014.05.05 - Stephens
94. 2014.05.12 - RBC
95. 2014.05.12 - Stephens
96. 2014.05.15 - Bank of America
97. 2014.05.15 - Craig Hallum
98. 2014.05.19 - Stephens

**Appendix B**  
**Materials Considered**

99. 2014.05.23 - Stephens
100. 2014.05.27 - Jefferies
101. 2014.05.27 - Stephens
102. 2014.06.03 - Baird
103. 2014.06.03 - Bank of America
104. 2014.06.03 - Bank of Montreal
105. 2014.06.03 - Citi
106. 2014.06.03 - Craig Hallum
107. 2014.06.03 - Deutsche Bank
108. 2014.06.03 - Raymond James
109. 2014.06.03 - RBC
110. 2014.06.03 - Stephens
111. 2014.06.03 - Susquehanna
112. 2014.06.03 - Wells Fargo
113. 2014.06.04 - Craig Hallum
114. 2014.06.04 - Jefferies
115. 2014.06.09 - Susquehanna
116. 2014.06.13 - Bank of America
117. 2014.06.13 - Raymond James
118. 2014.06.25 - Wells Fargo
119. 2014.07.01 - Deutsche Bank
120. 2014.07.02 - Baird
121. 2014.07.02 - Raymond James
122. 2014.07.02 - RBC
123. 2014.07.02 - Stephens
124. 2014.07.02 - Susquehanna
125. 2014.07.03 - Avondale Partners
126. 2014.07.03 - Avondale Partners (2)
127. 2014.07.11 - Jefferies
128. 2014.07.11 - Jefferies (2)
129. 2014.07.29 - Avondale Partners
130. 2014.07.29 - Bank of America
131. 2014.07.29 - Bank of Montreal
132. 2014.07.29 - Jefferies
133. 2014.07.29 - Raymond James
134. 2014.07.29 - Susquehanna
135. 2014.07.29 - Wells Fargo
136. 2014.07.30 - Avondale Partners
137. 2014.07.30 - Baird
138. 2014.07.30 - Bank of America
139. 2014.07.30 - Deutsche Bank
140. 2014.07.30 - Jefferies
141. 2014.07.30 - Raymond James
142. 2014.07.30 - RBC
143. 2014.07.30 - Susquehanna
144. 2014.07.31 - Bank of Montreal
145. 2014.07.31 - Cantor Fitzgerald
146. 2014.07.31 - Craig Hallum
147. 2014.07.31 - RBC
148. 2014.07.31 - Stephens



## **Appendix B**

### **Materials Considered**

149. 2014.07.31 - Wells Fargo
150. 2014.08.01 - Bank of America
151. 2014.08.14 - Wells Fargo
152. 2014.08.18 - Stephens
153. 2014.08.20 - Bank of Montreal
154. 2014.08.25 - Cantor Fitzgerald
155. 2014.08.25 - Jefferies
156. 2014.08.25 - Stephens
157. 2014.08.26 - Cantor Fitzgerald
158. 2014.08.29 - Jefferies
159. 2014.09.02 - Stephens
160. 2014.09.03 - Jefferies
161. 2014.09.15 - Baird
162. 2014.09.15 - Deutsche Bank
163. 2014.09.15 - Deutsche Bank (2)
164. 2014.09.15 - Raymond James
165. 2014.09.22 - Stephens
166. 2014.09.28 - Susquehanna
167. 2014.09.29 - Stephens
168. 2014.09.29 - Susquehanna
169. 2014.10.01 - Deutsche Bank
170. 2014.10.06 - Stephens
171. 2014.10.08 - Bank of Montreal
172. 2014.10.08 - Cantor Fitzgerald
173. 2014.10.22 - UBS
174. 2014.10.27 - Avondale Partners
175. 2014.10.27 - Cantor Fitzgerald
176. 2014.10.29 - Avondale Partners
177. 2014.10.29 - Baird
178. 2014.10.29 - Bank of Montreal
179. 2014.10.29 - Raymond James
180. 2014.10.29 - Susquehanna
181. 2014.10.29 - UBS
182. 2014.10.29 - Wells Fargo
183. 2014.10.30 - Baird
184. 2014.10.30 - Bank of America
185. 2014.10.30 - Bank of America (2)
186. 2014.10.30 - Jefferies
187. 2014.10.30 - Raymond James
188. 2014.10.30 - RBC
189. 2014.10.30 - Stephens
190. 2014.10.30 - UBS
191. 2014.10.30 - Wells Fargo
192. 2014.10.31 - Cantor Fitzgerald
193. 2014.10.31 - Craig Hallum
194. 2014.10.31 - Deutsche Bank
195. 2014.10.31 - Stephens
196. 2014.10.31 - Susquehanna
197. 2014.11.02 - RBC
198. 2014.11.03 - Avondale Partners

**Appendix B**  
**Materials Considered**

199. 2014.11.05 - Bank of Montreal
200. 2014.11.12 - Wells Fargo
201. 2014.11.21 - UBS
202. 2014.11.24 - Bank of Montreal
203. 2014.11.25 - Cantor Fitzgerald
204. 2014.12.05 - Bank of America
205. 2014.12.05 - Deutsche Bank
206. 2014.12.19 - Craig Hallum
207. 2015.01.05 - Deutsche Bank
208. 2015.01.05 - Jefferies
209. 2015.01.06 - Stephens
210. 2015.01.27 - Deutsche Bank
211. 2015.01.29 - Avondale Partners
212. 2015.02.06 - Baird
213. 2015.02.11 - Baird
214. 2015.02.11 - Bank of Montreal
215. 2015.02.11 - Craig Hallum
216. 2015.02.11 - Deutsche Bank
217. 2015.02.11 - Raymond James
218. 2015.02.11 - Susquehanna
219. 2015.02.11 - UBS
220. 2015.02.11 - Wells Fargo
221. 2015.02.12 - Avondale Partners
222. 2015.02.12 - Avondale Partners (2)
223. 2015.02.12 - Bank of America
224. 2015.02.12 - Bank of America (2)
225. 2015.02.12 - Bank of Montreal
226. 2015.02.12 - Deutsche Bank
227. 2015.02.12 - Jefferies
228. 2015.02.12 - Raymond James
229. 2015.02.12 - RBC
230. 2015.02.12 - Stephens
231. 2015.02.12 - Stephens (2)
232. 2015.02.12 - Susquehanna
233. 2015.02.12 - Wells Fargo
234. 2015.02.13 - Baird
235. 2015.02.13 - Craig Hallum
236. 2015.02.13 - RBC
237. 2015.02.18 - Deutsche Bank
238. 2015.02.18 - Stephens
239. 2015.02.19 - Cantor Fitzgerald
240. 2015.02.25 - UBS
241. 2015.03.02 - Bank of America
242. 2015.03.02 - RBC
243. 2015.03.02 - Susquehanna
244. 2015.03.02 - UBS
245. 2015.03.06 - Avondale Partners
246. 2015.03.06 - Avondale Partners (2)
247. 2015.03.09 - Raymond James
248. 2015.03.12 - Raymond James

**Appendix B**  
**Materials Considered**

249. 2015.03.19 - Raymond James  
250. 2015.03.20 - Baird  
251. 2015.03.20 - Bank of America  
252. 2015.04.01 - Baird  
253. 2015.04.10 - Baird  
254. 2015.04.13 - Avondale Partners  
255. 2015.04.21 - Craig Hallum  
256. 2015.04.27 - Avondale Partners  
257. 2015.04.27 - Bank of America  
258. 2015.04.27 - Deutsche Bank  
259. 2015.04.27 - Susquehanna  
260. 2015.04.28 - Avondale Partners  
261. 2015.04.28 - Baird  
262. 2015.04.28 - Bank of America  
263. 2015.04.28 - Bank of Montreal  
264. 2015.04.28 - Deutsche Bank  
265. 2015.04.28 - Raymond James  
266. 2015.04.28 - Susquehanna  
267. 2015.04.28 - UBS  
268. 2015.04.28 - Wells Fargo  
269. 2015.04.29 - Bank of America  
270. 2015.04.29 - Bank of Montreal  
271. 2015.04.29 - Deutsche Bank  
272. 2015.04.29 - Jefferies  
273. 2015.04.29 - RBC  
274. 2015.04.29 - Stephens  
275. 2015.04.29 - Susquehanna  
276. 2015.04.29 - UBS  
277. 2015.04.30 - Cantor Fitzgerald  
278. 2015.04.30 - Craig Hallum  
279. 2015.04.30 - Raymond James  
280. 2015.04.30 - RBC  
281. 2015.04.30 - Stephens  
282. 2015.04.30 - Wells Fargo  
283. 2015.05.01 - Avondale Partners  
284. 2015.05.01 - Avondale Partners (2)  
285. 2015.05.04 - Susquehanna  
286. 2015.05.05 - Susquehanna  
287. 2015.05.07 - Bank of America  
288. 2015.05.12 - Bank of America  
289. 2015.05.14 - Baird  
290. 2015.05.19 - UBS  
291. 2015.05.20 - Susquehanna  
292. 2015.05.26 - UBS  
293. 2015.05.27 - Baird  
294. 2015.05.27 - Bank of America  
295. 2015.05.27 - Deutsche Bank  
296. 2015.05.27 - RBC  
297. 2015.05.27 - Susquehanna  
298. 2015.05.27 - Wells Fargo

## **Appendix B**

### **Materials Considered**

- 299. 2015.06.02 - Baird
- 300. 2015.06.02 - Bank of America
- 301. 2015.06.02 - Craig Hallum
- 302. 2015.06.02 - Deutsche Bank
- 303. 2015.06.02 - Raymond James
- 304. 2015.06.02 - RBC
- 305. 2015.06.02 - Susquehanna
- 306. 2015.06.02 - UBS
- 307. 2015.06.02 - Wells Fargo
- 308. 2015.06.03 - Avondale Partners
- 309. 2015.06.03 - Jefferies
- 310. 2015.06.04 - Avondale Partners
- 311. 2015.06.11 - Raymond James
- 312. 2015.06.12 - Stephens
- 313. 2015.06.12 - Stephens (2)
- 314. 2015.06.16 - RBC
- 315. 2015.06.25 - Bank of Montreal
- 316. 2015.08.03 - Bank of America
- 317. 2015.08.04 - Avondale Partners
- 318. 2015.08.04 - Bank of Montreal
- 319. 2015.08.04 - Mizuho
- 320. 2015.08.04 - RBC
- 321. 2015.08.04 - Susquehanna
- 322. 2015.08.04 - UBS
- 323. 2015.08.05 - Avondale Partners
- 324. 2015.08.05 - Baird
- 325. 2015.08.05 - Bank of America
- 326. 2015.08.05 - Bank of America (2)
- 327. 2015.08.05 - Raymond James
- 328. 2015.08.05 - Raymond James (2)
- 329. 2015.08.05 - RBC
- 330. 2015.08.05 - Stephens
- 331. 2015.08.05 - UBS
- 332. 2015.08.05 - Wells Fargo
- 333. 2015.08.06 - Bank of Montreal
- 334. 2015.08.06 - Cantor Fitzgerald
- 335. 2015.08.06 - Craig Hallum
- 336. 2015.08.06 - RBC
- 337. 2015.08.06 - Wells Fargo
- 338. 2015.08.12 - Wells Fargo
- 339. 2015.08.14 - Jefferies
- 340. 2015.08.30 - Susquehanna
- 341. 2015.09.01 - SVB Leerink (2)
- 342. 2015.09.01 - SVB Leerink
- 343. 2015.09.02 - Baird
- 344. 2015.09.02 - Bank of America
- 345. 2015.09.02 - SVB Leerink (2)
- 346. 2015.09.02 - Mizuho
- 347. 2015.09.02 - Raymond James
- 348. 2015.09.02 - Susquehanna

**Appendix B**  
**Materials Considered**

- 349. 2015.09.02 - SVB Leerink
- 350. 2015.09.02 - UBS
- 351. 2015.09.03 - Craig Hallum
- 352. 2015.09.10 - Wells Fargo
- 353. 2015.09.14 - Susquehanna
- 354. 2015.09.15 - Craig Hallum
- 355. 2015.09.15 - Susquehanna
- 356. 2015.09.16 - JPMorgan
- 357. 2015.09.29 - Avondale Partners
- 358. 2015.09.29 - SVB Leerink
- 359. 2015.10.27 - Craig Hallum
- 360. 2015.11.03 - Bank of Montreal
- 361. 2015.11.03 - Mizuho
- 362. 2015.11.03 - Susquehanna
- 363. 2015.11.03 - SVB Leerink
- 364. 2015.11.03 - UBS
- 365. 2015.11.04 - Avondale Partners
- 366. 2015.11.04 - Avondale Partners (2)
- 367. 2015.11.04 - Bank of Montreal
- 368. 2015.11.04 - Cantor Fitzgerald
- 369. 2015.11.04 - Craig Hallum
- 370. 2015.11.04 - Jefferies
- 371. 2015.11.04 - Jefferies (2)
- 372. 2015.11.04 - JPMorgan
- 373. 2015.11.04 - JPMorgan (2)
- 374. 2015.11.04 - RBC
- 375. 2015.11.04 - Stephens
- 376. 2015.11.04 - Susquehanna
- 377. 2015.11.04 - UBS
- 378. 2015.11.04 - Wells Fargo
- 379. 2015.11.05 - Baird
- 380. 2015.11.05 - Raymond James
- 381. 2015.11.05 - RBC
- 382. 2015.11.05 - Stephens
- 383. 2015.11.05 - Wells Fargo
- 384. 2015.11.09 - SVB Leerink
- 385. 2015.11.10 - Susquehanna
- 386. 2015.11.16 - UBS
- 387. 2015.11.17 - SVB Leerink
- 388. 2015.12.02 - RBC
- 389. 2015.12.02 - Susquehanna
- 390. 2015.12.02 - SVB Leerink
- 391. 2015.12.04 - Jefferies
- 392. 2015.12.09 - Avondale Partners
- 393. 2015.12.16 - Craig Hallum
- 394. 2016.01.04 - Avondale Partners
- 395. 2016.01.04 - Avondale Partners (2)
- 396. 2016.01.04 - Bank of Montreal
- 397. 2016.01.04 - RBC
- 398. 2016.01.04 - Susquehanna

## **Appendix B**

### **Materials Considered**

- 399. 2016.01.04 - SVB Leerink
- 400. 2016.01.04 - UBS
- 401. 2016.01.04 - Wells Fargo
- 402. 2016.01.05 - Craig Hallum
- 403. 2016.01.05 - JPMorgan
- 404. 2016.01.05 - Raymond James
- 405. 2016.01.05 - Stephens
- 406. 2016.01.06 - UBS
- 407. 2016.01.08 - Craig Hallum
- 408. 2016.01.11 - Jefferies
- 409. 2016.01.14 - JPMorgan
- 410. 2016.01.21 - Jefferies
- 411. 2016.02.01 - KeyBanc
- 412. 2016.02.03 - Baird
- 413. 2016.02.16 - Avondale Partners
- 414. 2016.02.16 - Avondale Partners (2)
- 415. 2016.02.16 - Baird
- 416. 2016.02.16 - Bank of Montreal
- 417. 2016.02.16 - Craig Hallum
- 418. 2016.02.16 - JPMorgan
- 419. 2016.02.16 - KeyBanc
- 420. 2016.02.16 - SVB Leerink
- 421. 2016.02.16 - Wells Fargo
- 422. 2016.02.17 - Avondale Partners
- 423. 2016.02.17 - Baird
- 424. 2016.02.17 - Bank of America
- 425. 2016.02.17 - Bank of America (2)
- 426. 2016.02.17 - Jefferies
- 427. 2016.02.17 - Raymond James
- 428. 2016.02.17 - RBC
- 429. 2016.02.17 - Stephens
- 430. 2016.02.17 - Susquehanna
- 431. 2016.02.17 - Susquehanna (2)
- 432. 2016.02.17 - UBS
- 433. 2016.02.17 - UBS (2)
- 434. 2016.02.17 - Wells Fargo
- 435. 2016.02.18 - Baird
- 436. 2016.02.18 - Bank of Montreal
- 437. 2016.02.18 - Cantor Fitzgerald
- 438. 2016.02.18 - Craig Hallum
- 439. 2016.02.18 - KeyBanc
- 440. 2016.02.18 - RBC
- 441. 2016.02.18 - RBC (2)
- 442. 2016.02.18 - Stephens
- 443. 2016.02.18 - Stephens (2)
- 444. 2016.02.18 - Susquehanna
- 445. 2016.02.18 - UBS
- 446. 2016.02.18 - Wells Fargo
- 447. 2016.02.19 - Craig Hallum
- 448. 2016.02.22 - SVB Leerink

**Appendix B**  
**Materials Considered**

449. 2016.02.23 - JPMorgan  
450. 2016.02.23 - Raymond James  
451. 2016.02.23 - Raymond James (2)  
452. 2016.02.23 - RBC  
453. 2016.03.08 - Jefferies  
454. 2016.03.17 - Susquehanna  
455. 2016.03.22 - Jefferies  
456. 2016.03.24 - Craig Hallum  
457. 2016.04.01 - Mizuho  
458. 2016.04.06 - Jefferies  
459. 2016.04.07 - UBS  
460. 2016.04.13 - Baird  
461. 2016.04.16 - Craig Hallum  
462. 2016.04.18 - Craig Hallum  
463. 2016.04.21 - SVB Leerink  
464. 2016.04.25 - Jefferies  
465. 2016.04.25 - JPMorgan  
466. 2016.04.25 - Susquehanna  
467. 2016.04.25 - UBS  
468. 2016.04.26 - Avondale Partners  
469. 2016.04.26 - Baird  
470. 2016.04.26 - Bank of America  
471. 2016.04.26 - RBC  
472. 2016.04.26 - SVB Leerink  
473. 2016.04.28 - Avondale Partners  
474. 2016.04.28 - Baird  
475. 2016.04.28 - Jefferies  
476. 2016.04.28 - JPMorgan  
477. 2016.04.28 - KeyBanc  
478. 2016.04.28 - Mizuho  
479. 2016.04.28 - Stephens  
480. 2016.04.28 - Susquehanna  
481. 2016.04.28 - SVB Leerink  
482. 2016.04.28 - UBS  
483. 2016.04.28 - UBS (2)  
484. 2016.04.28 - Wells Fargo  
485. 2016.04.29 - Avondale Partners  
486. 2016.04.29 - Bank of America  
487. 2016.04.29 - Bank of America (2)  
488. 2016.04.29 - Cantor Fitzgerald  
489. 2016.04.29 - Cantor Fitzgerald (2)  
490. 2016.04.29 - JPMorgan  
491. 2016.04.29 - KeyBanc  
492. 2016.04.29 - Raymond James  
493. 2016.04.29 - RBC  
494. 2016.04.29 - UBS  
495. 2016.05.01 - Wells Fargo  
496. 2016.05.02 - Craig Hallum  
497. 2016.05.02 - JPMorgan  
498. 2016.05.02 - Raymond James

## **Appendix B**

### **Materials Considered**

- 499. 2016.05.02 - RBC
- 500. 2016.05.02 - Stephens
- 501. 2016.05.02 - Susquehanna
- 502. 2016.05.02 - SVB Leerink
- 503. 2016.05.03 - Baird
- 504. 2016.05.03 - Jefferies
- 505. 2016.05.09 - JPMorgan
- 506. 2016.05.10 - Bank of America
- 507. 2016.05.18 - RBC
- 508. 2016.05.19 - Craig Hallum
- 509. 2016.05.20 - Craig Hallum
- 510. 2016.05.23 - RBC
- 511. 2016.05.25 - UBS
- 512. 2016.06.22 - Craig Hallum
- 513. 2016.06.23 - JPMorgan
- 514. 2016.06.23 - UBS
- 515. 2016.06.24 - JPMorgan
- 516. 2016.06.24 - UBS
- 517. 2016.06.24 - Wells Fargo
- 518. 2016.06.27 - Jefferies
- 519. 2016.06.28 - SVB Leerink
- 520. 2016. 6.29 - Mizuho
- 521. 2016.07.06 - Raymond James
- 522. 2016.07.07 - Raymond James
- 523. 2016.07.12 - JPMorgan
- 524. 2016.07.13 - UBS
- 525. 2016.07.14 - Avondale Partners
- 526. 2016.07.14 - Baird
- 527. 2016.07.14 - Bank of America
- 528. 2016.07.14 - KeyBanc
- 529. 2016.07.14 - SVB Leerink (2)
- 530. 2016.07.14 - Mizuho
- 531. 2016.07.14 - Raymond James
- 532. 2016.07.14 - RBC
- 533. 2016.07.14 - RBC (2)
- 534. 2016.07.14 - RBC (3)
- 535. 2016.07.14 - Stephens
- 536. 2016.07.14 - Stephens (2)
- 537. 2016.07.14 - Susquehanna
- 538. 2016.07.14 - Susquehanna (2)
- 539. 2016.07.14 - SVB Leerink
- 540. 2016.07.14 - UBS
- 541. 2016.07.14 - UBS (2)
- 542. 2016.07.14 - Wells Fargo
- 543. 2016.07.14 - Wells Fargo (2)
- 544. 2016.07.15 - Baird
- 545. 2016.07.15 - Baird (2)
- 546. 2016.07.15 - Craig Hallum
- 547. 2016.07.15 - Jefferies
- 548. 2016.07.15 - Raymond James



## **Appendix B**

### **Materials Considered**

- 549. 2016.07.15 - Stephens
- 550. 2016.07.16 - Baird
- 551. 2016.07.18 - Raymond James
- 552. 2016.07.18 - RBC
- 553. 2016.07.20 - Stephens
- 554. 2016.07.25 - Stephens
- 555. 2016.07.26 - Mizuho
- 556. 2016.07.26 - Mizuho (2)
- 557. 2016.07.26 - Mizuho (3)
- 558. 2016.07.27 - Jefferies
- 559. 2016.07.28 - Avondale Partners
- 560. 2016.07.28 - Bank of America
- 561. 2016.07.28 - Jefferies
- 562. 2016.07.28 - Mizuho
- 563. 2016.07.28 - Stephens
- 564. 2016.07.28 - Susquehanna
- 565. 2016.07.28 - SVB Leerink
- 566. 2016.07.28 - Wells Fargo
- 567. 2016.07.29 - Avondale Partners
- 568. 2016.07.29 - Avondale Partners (2)
- 569. 2016.07.29 - Bank of America
- 570. 2016.07.29 - Bank of America (2)
- 571. 2016.07.29 - Jefferies
- 572. 2016.07.29 - KeyBanc
- 573. 2016.07.29 - KeyBanc (2)
- 574. 2016.07.29 - KeyBanc (3)
- 575. 2016.07.29 - Mizuho
- 576. 2016.07.29 - Raymond James
- 577. 2016.07.29 - RBC
- 578. 2016.07.29 - Stephens
- 579. 2016.07.29 - Susquehanna
- 580. 2016.07.29 - SVB Leerink
- 581. 2016.07.29 - UBS
- 582. 2016.07.29 - Wells Fargo
- 583. 2016.07.29 - Wells Fargo (2)
- 584. 2016.07.31 - Mizuho
- 585. 2016.07.31 - RBC
- 586. 2016.07.31 - Susquehanna
- 587. 2016.08.01 - Baird
- 588. 2016.08.01 - Cantor Fitzgerald
- 589. 2016.08.01 - Craig Hallum
- 590. 2016.08.01 - JPMorgan
- 591. 2016.08.01 - Raymond James
- 592. 2016.08.01 - Stephens
- 593. 2016.08.02 - SVB Leerink
- 594. 2016.08.02 - UBS
- 595. 2016.08.09 - Cantor Fitzgerald
- 596. 2016.08.09 - Craig Hallum
- 597. 2016.08.15 - Wells Fargo
- 598. 2016.08.25 - SVB Leerink

**Appendix B**  
**Materials Considered**

599. 2016.08.26 - RBC  
600. 2016.09.01 - KeyBanc  
601. 2016.09.06 - Cantor Fitzgerald  
602. 2016.09.06 - Cantor Fitzgerald (2)  
603. 2016.09.06 - Jefferies  
604. 2016.09.09 - Baird  
605. 2016.09.15 - Baird  
606. 2016.09.16 - UBS  
607. 2016.09.21 - RBC  
608. 2016.09.22 - Avondale Partners  
609. 2016.09.22 - Baird  
610. 2016.09.22 - Craig Hallum  
611. 2016.09.22 - Mizuho  
612. 2016.09.22 - RBC  
613. 2016.09.22 - UBS  
614. 2016.09.22 - UBS (2)  
615. 2016.09.23 - SVB Leerink  
616. 2016.09.26 - JPMorgan  
617. 2016.09.26 - UBS  
618. 2016.09.27 - Jefferies  
619. 2016.09.29 - UBS  
620. 2016.10.03 - Cantor Fitzgerald  
621. 2016.10.03 - Raymond James  
622. 2016.10.06 - Raymond James  
623. 2016.10.07 - Jefferies  
624. 2016.10.07 - UBS  
625. 2016.10.10 - RBC  
626. 2016.10.10 - UBS  
627. 2016.10.13 - Avondale Partners  
628. 2016.10.17 - Cantor Fitzgerald  
629. 2016.10.17 - Keybanc  
630. 2016.10.17 - KeyBanc (2)  
631. 2016.10.17 - SVB Leerink  
632. 2016.10.17 - UBS  
633. 2016.10.18 - Avondale Partners  
634. 2016.10.18 - Bank of America  
635. 2016.10.18 - Cantor Fitzgerald  
636. 2016.10.18 - JPMorgan  
637. 2016.10.18 - KeyBanc  
638. 2016.10.18 - Mizuho  
639. 2016.10.18 - Mizuho (2)  
640. 2016.10.18 - Raymond James  
641. 2016.10.18 - RBC  
642. 2016.10.18 - Susquehanna  
643. 2016.10.18 - UBS  
644. 2016.10.18 - Wells Fargo  
645. 2016.10.19 - Avondale Partners  
646. 2016.10.19 - Baird  
647. 2016.10.19 - Craig Hallum  
648. 2016.10.19 - Jefferies

## **Appendix B**

### **Materials Considered**

- 649. 2016.10.19 - Stephens
- 650. 2016.10.19 - SVB Leerink
- 651. 2016.10.19 - UBS
- 652. 2016.10.20 - Wells Fargo
- 653. 2016.11.01 - Avondale Partners
- 654. 2016.11.01 - Mizuho
- 655. 2016.11.01 - Susquehanna
- 656. 2016.11.01 - UBS
- 657. 2016.11.01 - Wells Fargo
- 658. 2016.11.02 - Baird
- 659. 2016.11.02 - Bank of America
- 660. 2016.11.02 - Bank of America (2)
- 661. 2016.11.02 - Cantor Fitzgerald
- 662. 2016.11.02 - JPMorgan
- 663. 2016.11.02 - KeyBanc
- 664. 2016.11.02 - Mizuho
- 665. 2016.11.02 - Raymond James
- 666. 2016.11.02 - RBC
- 667. 2016.11.02 - Stephens
- 668. 2016.11.02 - Stephens (2)
- 669. 2016.11.02 - SVB Leerink
- 670. 2016.11.02 - Wells Fargo
- 671. 2016.11.03 - Craig Hallum
- 672. 2016.11.03 - Raymond James
- 673. 2016.11.03 - RBC
- 674. 2016.11.03 - Susquehanna
- 675. 2016.11.06 - UBS
- 676. 2016.11.09 - Avondale Partners
- 677. 2016.11.10 - Bank of America
- 678. 2016.11.10 - Cantor Fitzgerald
- 679. 2016.11.10 - Craig Hallum
- 680. 2016.11.10 - Mizuho
- 681. 2016.11.10 - Stephens
- 682. 2016.11.16 - SVB Leerink
- 683. 2016.11.17 - SVB Leerink
- 684. 2016.11.18 - Raymond James
- 685. 2016.11.25 - Wells Fargo
- 686. 2016.12.01 - Baird
- 687. 2016.12.01 - Cantor Fitzgerald
- 688. 2016.12.02 - Jefferies
- 689. 2016.12.07 - UBS
- 690. 2016.12.13 - Cantor Fitzgerald
- 691. 2016.12.13 - Raymond James
- 692. 2016.12.16 - Avondale Partners
- 693. 2016.12.16 - Baird
- 694. 2016.12.20 - Jefferies
- 695. 2016.12.22 - Bank of America
- 696. 2016.12.22 - Raymond James
- 697. 2016.12.23 - RBC
- 698. 2016.12.23 - UBS

## **Appendix B**

### **Materials Considered**

- 699. 2016.12.28 - UBS
- 700. 2017.01.03 - Mizuho
- 701. 2017.01.04 - Bank of America
- 702. 2017.01.04 - Citi
- 703. 2017.01.06 - Avondale Partners
- 704. 2017.01.06 - Avondale Partners
- 705. 2017.01.06 - Jefferies
- 706. 2017.01.06 - Stephens
- 707. 2017.01.08 - Credit Suisse
- 708. 2017.01.09 - JPMorgan
- 709. 2017.01.10 - Jefferies
- 710. 2017.01.10 - KeyBanc
- 711. 2017.01.10 - Raymond James
- 712. 2017.01.10 - RBC
- 713. 2017.01.16 - Wells Fargo
- 714. 2017.01.20 - Avondale Partners
- 715. 2017.01.23 - Craig Hallum
- 716. 2017.01.27 - Cantor Fitzgerald
- 717. 2017.01.31 - SVB Leerink
- 718. 2017.02.13 - Craig Hallum
- 719. 2017.02.16 - Avondale Partners
- 720. 2017.02.16 - SVB Leerink
- 721. 2017.02.21 - Credit Suisse
- 722. 2017.02.21 - Deutsche Bank
- 723. 2017.02.21 - William Blair
- 724. 2017.02.22 - Bank of America
- 725. 2017.02.22 - Cantor Fitzgerald
- 726. 2017.02.22 - Craig Hallum
- 727. 2017.02.22 - Craig Hallum (2)
- 728. 2017.02.22 - Mizuho
- 729. 2017.02.22 - RBC
- 730. 2017.02.23 - Avondale Partners
- 731. 2017.02.23 - Baird
- 732. 2017.02.23 - Bank of Montreal
- 733. 2017.02.23 - Cantor Fitzgerald
- 734. 2017.02.23 - Credit Suisse
- 735. 2017.02.23 - Deutsche Bank
- 736. 2017.02.23 - Jefferies
- 737. 2017.02.23 - JPMorgan
- 738. 2017.02.23 - KeyBanc
- 739. 2017.02.23 - Mizuho
- 740. 2017.02.23 - Stephens
- 741. 2017.02.23 - SVB Leerink
- 742. 2017.02.23 - UBS
- 743. 2017.02.23 - Wells Fargo
- 744. 2017.02.23 - William Blair
- 745. 2017.02.24 - Avondale Partners
- 746. 2017.02.24 - Bank of America
- 747. 2017.02.24 - Bank of America (2)
- 748. 2017.02.24 - Cantor Fitzgerald

## **Appendix B**

### **Materials Considered**

- 749. 2017.02.24 - KeyBanc
- 750. 2017.02.24 - KeyBanc (2)
- 751. 2017.02.24 - Mizuho
- 752. 2017.02.24 - Raymond James
- 753. 2017.02.24 - Raymond James (2)
- 754. 2017.02.24 - RBC
- 755. 2017.02.24 - SVB Leerink
- 756. 2017.02.24 - Wells Fargo
- 757. 2017.02.25 - RBC
- 758. 2017.02.27 - Craig Hallum
- 759. 2017.02.27 - JPMorgan
- 760. 2017.02.27 - RBC
- 761. 2017.02.27 - Stephens
- 762. 2017.02.27 - UBS
- 763. 2017.03.03 - Citi
- 764. 2017.03.04 - Deutsche Bank
- 765. 2017.03.07 - Craig Hallum
- 766. 2017.03.07 - Raymond James
- 767. 2017.03.10 - Cantor Fitzgerald
- 768. 2017.03.23 - Baird
- 769. 2017.03.24 - Cantor Fitzgerald
- 770. 2017.03.26 - Citi
- 771. 2017.03.29 - Bank of America
- 772. 2017.04.04 - Deutsche Bank
- 773. 2017.04.06 - Deutsche Bank
- 774. 2017.04.11 - Raymond James
- 775. 2017.04.25 - Baird
- 776. 2017.04.25 - Bank of America
- 777. 2017.04.25 - Cantor Fitzgerald
- 778. 2017.04.25 - Citi
- 779. 2017.04.25 - Deutsche Bank
- 780. 2017.04.25 - Jefferies
- 781. 2017.04.25 - JPMorgan
- 782. 2017.04.25 - KeyBanc
- 783. 2017.04.25 - Mizuho
- 784. 2017.04.25 - Raymond James
- 785. 2017.04.25 - RBC
- 786. 2017.04.25 - SVB Leerink
- 787. 2017.04.25 - UBS
- 788. 2017.04.25 - Wells Fargo
- 789. 2017.04.26 - Bank of America
- 790. 2017.04.26 - Cantor Fitzgerald
- 791. 2017.04.26 - Craig Hallum
- 792. 2017.04.26 - Deutsche Bank
- 793. 2017.04.26 - KeyBanc
- 794. 2017.04.26 - KeyBanc (2)
- 795. 2017.04.26 - Mizuho
- 796. 2017.04.26 - Raymond James
- 797. 2017.04.26 - Stephens
- 798. 2017.04.26 - Stephens (2)

**Appendix B**  
**Materials Considered**

799. 2017.04.26 - UBS  
800. 2017.04.27 - JPMorgan  
801. 2017.04.27 - RBC  
802. 2017.04.27 - SVB Leerink  
803. 2017.04.27 - UBS  
804. 2017.04.27 - Wells Fargo  
805. 2016.17.02 - Avondale Partners  
806. 2017.05.03 - Deutsche Bank  
807. 2017.05.10 - UBS  
808. 2017.05.11 - Jefferies  
809. 2017.05.15 - SVB Leerink  
810. 2017.05.16 - Bank of America  
811. 2017.05.18 - UBS  
812. 2017.05.22 - UBS  
813. 2017.05.25 - UBS  
814. 2017.05.25 - UBS (2)  
815. 2017.05.30 - KeyBanc  
816. 2017.06.01 - Baird  
817. 2017.06.01 - Jefferies  
818. 2017.06.09 - Jefferies  
819. 2017.06.09 - Raymond James  
820. 2017.06.21 - Raymond James  
821. 2017.06.22 - Mizuho  
822. 2017.07.05 - Craig Hallum  
823. 2017.07.06 - Wells Fargo  
824. 2017.07.13 - SVB Leerink  
825. 2017.07.13 - UBS  
826. 2017.07.18 - William Blair  
827. 2017.07.27 - Baird  
828. 2017.07.27 - Bank of America  
829. 2017.07.27 - Cantor Fitzgerald  
830. 2017.07.27 - Citi  
831. 2017.07.27 - Deutsche Bank  
832. 2017.07.27 - JPMorgan  
833. 2017.07.27 - KeyBanc  
834. 2017.07.27 - Mizuho  
835. 2017.07.27 - RBC  
836. 2017.07.27 - Stephens  
837. 2017.07.27 - SVB Leerink  
838. 2017.07.27 - UBS  
839. 2017.07.27 - William Blair  
840. 2017.07.28 - Bank of America  
841. 2017.07.28 - Cantor Fitzgerald  
842. 2017.07.28 - Cantor Fitzgerald (2)  
843. 2017.07.28 - Craig Hallum  
844. 2017.07.28 - Deutsche Bank  
845. 2017.07.28 - Jefferies  
846. 2017.07.28 - KeyBanc  
847. 2017.07.28 - Mizuho  
848. 2017.07.28 - Raymond James

**Appendix B**  
**Materials Considered**

849. 2017.07.28 - Raymond James (2)  
850. 2017.07.28 - RBC  
851. 2017.07.28 - Stephens  
852. 2017.07.28 - SVB Leerink  
853. 2017.07.31 - JPMorgan  
854. 2017.07.31 - KeyBanc  
855. 2017.07.31 - RBC  
856. 2017.07.31 - UBS  
857. 2017.08.01 - William Blair  
858. 2017.08.03 - Bank of America  
859. 2017.08.03 - RBC  
860. 2017.08.14 - Raymond James  
861. 2017.08.14 - RBC  
862. 2017.08.18 - Raymond James  
863. 2017.08.18 - RBC  
864. 2017.08.29 - SVB Leerink  
865. 2017.09.05 - Jefferies  
866. 2017.09.05 - SVB Leerink  
867. 2017.09.08 - SVB Leerink  
868. 2017.09.11 - JPMorgan  
869. 2017.09.20 - Jefferies  
870. 2017.09.21 - Raymond James  
871. 2017.09.21 - Stephens  
872. 2017.10.04 - Raymond James  
873. 2017.10.11 - Bank of America  
874. 2017.10.11 - Jefferies  
875. 2017.10.16 - KeyBanc  
876. 2017.10.17 - Bank of Montreal  
877. 2017.10.24 - Cantor Fitzgerald  
878. 2017.10.24 - JPMorgan  
879. 2017.10.24 - JPMorgan  
880. 2017.10.24 - KeyBanc  
881. 2017.10.24 - SVB Leerink (2)  
882. 2017.10.24 - Mizuho  
883. 2017.10.24 - RBC  
884. 2017.10.24 - Stephens  
885. 2017.10.24 - SVB Leerink  
886. 2017.10.24 - William Blair  
887. 2017.10.25 - Baird  
888. 2017.10.25 - Bank of America  
889. 2017.10.25 - Bank of America (2)  
890. 2017.10.25 - Bank of Montreal  
891. 2017.10.25 - Citi  
892. 2017.10.25 - Craig Hallum  
893. 2017.10.25 - Deutsche Bank  
894. 2017.10.25 - Jefferies  
895. 2017.10.25 - JPMorgan  
896. 2017.10.25 - KeyBanc  
897. 2017.10.25 - Raymond James  
898. 2017.10.25 - Raymond James (2)

## **Appendix B**

### **Materials Considered**

899. 2017.10.25 - RBC  
900. 2017.10.25 - RBC (2)  
901. 2017.10.25 - Stephens  
902. 2017.10.25 - SVB Leerink  
903. 2017.10.26 - JPMorgan  
904. 2017.10.26 - RBC  
905. 2017.10.29 - Baird  
906. 2017.10.29 - Mizuho  
907. 2017.11.02 - Craig Hallum  
908. 2017.11.02 - Credit Suisse  
909. 2017.11.16 - Mizuho  
910. 2017.12.06 - Mizuho  
911. 2017.12.09 - Jefferies  
912. 2017.12.11 - Citi  
913. 2017.12.13 - Baird  
914. 2017.12.14 - Bank of America  
915. 2017.12.14 - JPMorgan  
916. 2017.12.19 - Jefferies  
917. 2017.12.19 - Jefferies (2)  
918. 2017.12.21 - Raymond James  
919. 2017.12.22 - Raymond James  
920. 2018.01.04 - Bank of America  
921. 2018.01.04 - Jefferies  
922. 2018.01.04 - RBC  
923. 2018.01.04 - Stephens  
924. 2018.01.05 - SVB Leerink  
925. 2018.01.08 - Credit Suisse  
926. 2018.01.08 - JPMorgan  
927. 2018.01.08 - RBC  
928. 2018.01.09 - Cantor Fitzgerald  
929. 2018.01.18 - Raymond James  
930. 2018.01.24 - Mizuho  
931. 2018.01.29 - Wells Fargo  
932. 2018.01.29 - Wells Fargo (2)  
933. 2018.02.15 - Jefferies  
934. 2018.02.16 - Jefferies  
935. 2018.02.20 - Cantor Fitzgerald  
936. 2018.02.21 - Baird  
937. 2018.02.21 - Bank of Montreal  
938. 2018.02.21 - Cantor Fitzgerald  
939. 2018.02.21 - Citi  
940. 2018.02.21 - Credit Suisse  
941. 2018.02.21 - Deutsche Bank  
942. 2018.02.21 - Jefferies  
943. 2018.02.21 - JPMorgan  
944. 2018.02.21 - RBC  
945. 2018.02.21 - Wells Fargo  
946. 2018.02.21 - William Blair  
947. 2018.02.22 - Bank of America  
948. 2018.02.22 - Cantor Fitzgerald



**Appendix B**  
**Materials Considered**

949. 2018.02.22 - Craig Hallum  
950. 2018.02.22 - Craig Hallum (2)  
951. 2018.02.22 - Raymond James  
952. 2018.02.22 - Stephens  
953. 2018.02.22 - SVB Leerink  
954. 2018.02.22 - Wells Fargo  
955. 2018.02.23 - Credit Suisse  
956. 2018.02.23 - Deutsche Bank  
957. 2018.02.23 - Raymond James  
958. 2018.02.23 - William Blair  
959. 2018.02.25 - RBC  
960. 2018.02.26 - JPMorgan  
961. 2018.02.27 - SVB Leerink  
962. 2018.02.28 - Jefferies  
963. 2018.03.05 - Raymond James  
964. 2018.03.19 - JPMorgan  
965. 2018.03.19 - SVB Leerink  
966. 2018.03.22 - Wells Fargo  
967. 2018.03.28 - Credit Suisse  
968. 2018.03.29 - Bank of America  
969. 2018.04.03 - Baird  
970. 2018.04.06 - Jefferies  
971. 2018.04.11 - Baird  
972. 2018.04.18 - RBC  
973. 2018.04.30 - Bank of America  
974. 2018.04.30 - Credit Suisse  
975. 2018.04.30 - Wells Fargo  
976. 2018.05.01 - Bank of Montreal  
977. 2018.05.01 - Cantor Fitzgerald  
978. 2018.05.01 - Citi  
979. 2018.05.01 - Credit Suisse  
980. 2018.05.01 - Jefferies  
981. 2018.05.01 - JPMorgan  
982. 2018.05.01 - Mizuho  
983. 2018.05.01 - RBC  
984. 2018.05.01 - Stephens  
985. 2018.05.01 - SVB Leerink  
986. 2018.05.01 - Wells Fargo  
987. 2018.05.01 - William Blair  
988. 2018.05.02 - Baird  
989. 2018.05.02 - Bank of America  
990. 2018.05.02 - Cantor Fitzgerald  
991. 2018.05.02 - Credit Suisse  
992. 2018.05.02 - Raymond James  
993. 2018.05.02 - Stephens  
994. 2018.05.02 - SVB Leerink  
995. 2018.05.02 - Wells Fargo  
996. 2018.05.03 - Craig Hallum  
997. 2018.05.03 - Raymond James  
998. 2018.05.03 - RBC

## **Appendix B**

### **Materials Considered**

999. 2018.05.06 - JPMorgan  
1000. 2018.05.10 - Jefferies  
1001. 2018.05.16 - Bank of America  
1002. 2018.05.16 - Raymond James  
1003. 2018.05.21 - JPMorgan  
1004. 2018.06.07 - Jefferies  
1005. 2018.06.08 - SVB Leerink  
1006. 2018.06.14 - William Blair  
1007. 2018.06.20 - Jefferies  
1008. 2018.06.20 - RBC  
1009. 2018.07.30 - Bank of Montreal  
1010. 2018.07.30 - Cantor Fitzgerald  
1011. 2018.07.30 - Citi  
1012. 2018.07.30 - Credit Suisse  
1013. 2018.07.30 - Jefferies  
1014. 2018.07.30 - JPMorgan  
1015. 2018.07.30 - RBC  
1016. 2018.07.30 - Stephens  
1017. 2018.07.30 - SVB Leerink  
1018. 2018.07.30 - Wells Fargo  
1019. 2018.07.30 - William Blair  
1020. 2018.07.31 - Baird  
1021. 2018.07.31 - Baird (2)  
1022. 2018.07.31 - Bank of America  
1023. 2018.07.31 - Bank of America (2)  
1024. 2018.07.31 - Cantor Fitzgerald  
1025. 2018.07.31 - Craig Hallum  
1026. 2018.07.31 - Mizuho  
1027. 2018.07.31 - Raymond James  
1028. 2018.07.31 - Raymond James (2)  
1029. 2018.07.31 - RBC  
1030. 2018.07.31 - Stephens  
1031. 2018.07.31 - SVB Leerink  
1032. 2018.07.31 - Wells Fargo  
1033. 2018.08.01 - Bank of America  
1034. 2018.08.01 - Bank of Montreal  
1035. 2018.08.01 - Credit Suisse  
1036. 2018.08.01 - JPMorgan  
1037. 2018.08.03 - Jefferies  
1038. 2018.08.17 - SVB Leerink  
1039. 2018.08.28 - Mizuho  
1040. 2018.09.04 - Jefferies  
1041. 2018.09.06 - Wells Fargo  
1042. 2018.09.25 - Jefferies  
1043. 2018.09.26 - Wells Fargo  
1044. 2018.09.27 - Baird  
1045. 2018.09.27 - Raymond James  
1046. 2018.09.27 - RBC  
1047. 2018.10.03 - Credit Suisse  
1048. 2018.10.03 - Credit Suisse

## **Appendix B**

### **Materials Considered**

1049. 2018.10.11 - Cantor Fitzgerald  
1050. 2018.10.11 - Credit Suisse  
1051. 2018.10.15 - RBC  
1052. 2018.10.16 - Wells Fargo  
1053. 2018.10.17 - Craig Hallum  
1054. 2018.10.17 - Stephens  
1055. 2018.10.18 - Baird  
1056. 2018.10.18 - Bank of America  
1057. 2018.10.18 - Bank of Montreal  
1058. 2018.10.18 - Cantor Fitzgerald  
1059. 2018.10.18 - Citi  
1060. 2018.10.18 - Credit Suisse  
1061. 2018.10.18 - JPMorgan  
1062. 2018.10.18 - Mizuho  
1063. 2018.10.18 - Raymond James  
1064. 2018.10.18 - RBC  
1065. 2018.10.18 - SVB Leerink  
1066. 2018.10.24 - RBC  
1067. 2018.11.01 - SVB Leerink  
1068. 2018.11.05 - Bank of Montreal  
1069. 2018.11.05 - Citi  
1070. 2018.11.05 - Credit Suisse  
1071. 2018.11.05 - Jefferies  
1072. 2018.11.05 - JPMorgan  
1073. 2018.11.05 - Raymond James  
1074. 2018.11.05 - RBC  
1075. 2018.11.05 - SVB Leerink  
1076. 2018.11.05 - Wells Fargo  
1077. 2018.11.06 - Baird  
1078. 2018.11.06 - Bank of America  
1079. 2018.11.06 - Bank of America (2)  
1080. 2018.11.06 - Bank of Montreal  
1081. 2018.11.06 - Cantor Fitzgerald  
1082. 2018.11.06 - Cantor Fitzgerald (2)  
1083. 2018.11.06 - Craig Hallum  
1084. 2018.11.06 - Credit Suisse  
1085. 2018.11.06 - JPMorgan  
1086. 2018.11.06 - Mizuho  
1087. 2018.11.06 - Raymond James  
1088. 2018.11.06 - Stephens  
1089. 2018.11.06 - Wells Fargo  
1090. 2018.11.06 - William Blair  
1091. 2018.11.07 - Mizuho  
1092. 2018.11.07 - RBC  
1093. 2018.11.07 - SVB Leerink  
1094. 2018.11.09 - Stephens  
1095. 2018.11.13 - RBC  
1096. 2018.11.14 - Citi  
1097. 2018.11.14 - Credit Suisse  
1098. 2018.11.14 - Raymond James

## **Appendix B**

### **Materials Considered**

1099.2018.11.15 - UBS  
1100.2018.11.15 - UBS (2)  
1101.2018.11.16 - Cantor Fitzgerald  
1102.2018.11.16 - Raymond James  
1103.2018.11.19 - SVB Leerink  
1104.2018.11.20 - Cantor Fitzgerald  
1105.2018.11.20 - Credit Suisse  
1106.2018.11.26 - Jefferies  
1107.2018.12.03 - Citi  
1108.2018.12.14 - UBS  
1109.2018.12.17 - Baird  
1110.2018.12.17 - Bank of America  
1111.2018.12.17 - Citi  
1112.2018.12.17 - Credit Suisse  
1113.2018.12.17 - Jefferies  
1114.2018.12.17 - Stephens  
1115.2018.12.17 - SVB Leerink  
1116.2018.12.17 - UBS  
1117.2018.12.17 - Wells Fargo  
1118.2018.12.17 - William Blair  
1119.2018.12.19 - JPMorgan  
1120.2018.12.20 - UBS  
1121.2019.01.02 - Deutsche Bank  
1122.2019.01.03 - Bank of America  
1123.2019.01.04 - Credit Suisse  
1124.2019.01.04 - Jefferies  
1125.2019.01.04 - RBC  
1126.2019.01.04 - SVB Leerink  
1127.2019.01.11 - Bank of Montreal  
1128.2019.01.14 - Wells Fargo  
1129.2019.01.18 - Baird  
1130.2019.01.18 - Credit Suisse  
1131.2019.01.18 - Raymond James  
1132.2019.01.22 - Deutsche Bank  
1133.2019.01.22 - SVB Leerink  
1134.2019.01.22 - Wells Fargo  
1135.2019.01.25 - Mizuho  
1136.2019.01.28 - JPMorgan  
1137.2019.02.25 - Jefferies  
1138.2019.02.28 - Bank of Montreal  
1139.2019.02.28 - Citi  
1140.2019.02.28 - Credit Suisse  
1141.2019.02.28 - Deutsche Bank  
1142.2019.02.28 - Jefferies  
1143.2019.02.28 - JPMorgan  
1144.2019.02.28 - Raymond James  
1145.2019.02.28 - SVB Leerink  
1146.2019.02.28 - UBS  
1147.2019.02.28 - Wells Fargo  
1148.2019.02.28 - William Blair

## **Appendix B**

### **Materials Considered**

1149.2019.03.01 - Baird  
1150.2019.03.01 - Baird (2)  
1151.2019.03.01 - Bank of America  
1152.2019.03.01 - Bank of America (2)  
1153.2019.03.01 - Citi  
1154.2019.03.01 - Deutsche Bank  
1155.2019.03.01 - Mizuho  
1156.2019.03.01 - RBC  
1157.2019.03.01 - Stephens  
1158.2019.03.01 - Wells Fargo  
1159.2019.03.03 - UBS  
1160.2019.03.04 - Bank of Montreal  
1161.2019.03.04 - Credit Suisse  
1162.2019.03.04 - Jefferies  
1163.2019.03.04 - JPMorgan  
1164.2019.03.04 - Raymond James  
1165.2019.03.04 - RBC  
1166.2019.03.04 - SVB Leerink  
1167.2019.03.08 - Stephens  
1168.2019.03.14 - Credit Suisse  
1169.2019.03.15 - Credit Suisse  
1170.2019.03.18 - JPMorgan  
1171.2019.03.26 - SVB Leerink  
1172.2019.03.27 - BAML  
1173.2019.03.27 - Wells Fargo  
1174.2019.04.25 - Stephens  
1175.2019.04.30 - Stephens  
1176.2019.05.01 - Stephens  
1177.2019.05.30 - Stephens  
1178.2020.01.28 - Stephens  
1179.2020.01.31 - Stephens  
1180.2020.02.27 - Stephens  
1181.2020.02.28 - Stephens  
1182.2020.03.19 - Stephens

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
M1	4/30/14	1Q14 10-Q	"Our business strategy is to acquire and develop inpatient behavioral healthcare facilities and improve our operating results within our inpatient facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high quality services</b> , expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations" <sup>1</sup>	"Acadia consistently touted its "high-quality services" as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth, and in its Forms 10-Q, signed by Duckworth" <sup>2</sup>
M2	7/30/14	2Q14 10-Q	"Our business strategy is to acquire and develop inpatient behavioral healthcare facilities and improve our operating results within our inpatient facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high quality services</b> , expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations" <sup>3</sup>	"Acadia consistently touted its "high-quality services" as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth, and in its Forms 10-Q, signed by Duckworth" <sup>4</sup>
M3	7/30/14	2Q14 Conference Call	[Acadia's same-facility growth]: "reflect[ed] [a] growing demand for high-quality inpatient behavioral healthcare." <sup>5</sup>	"On the earnings call, Jacobs claimed that the Company's strong same facility performance for the quarter" <sup>6</sup>
M4	10/30/14	3Q14 10-Q	"Our business strategy is to acquire and develop inpatient behavioral healthcare facilities and improve our operating results within our	"Acadia consistently touted its "high-quality services" as a key factor in improving its operating results in its Forms 10-K,

<sup>1</sup> Complaint, ¶112, citing Acadia 1Q14 Form 10-Q, filed April 30, 2014, 4:06 P.M., p. 22. Emphasis original.

<sup>2</sup> Complaint, ¶112.

<sup>3</sup> Complaint, ¶112, citing Acadia 2Q14 Form 10-Q, filed July 30, 2014, 4:02 P.M., p. 26. Emphasis original.

<sup>4</sup> Complaint, ¶112.

<sup>5</sup> Complaint, ¶115, citing Acadia 2Q14 earnings conference call, July 30, 2014. The conference call was held at 9:00 A.M. See, "Acadia Healthcare Announces Date for Second Quarter 14 Earnings Release," *Dow Jones Newswires*, July 14, 2014.

<sup>6</sup> Complaint, ¶115.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			inpatient facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high quality services</b> , expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations” <sup>7</sup>	signed by Jacobs and Duckworth, and in its Forms 10-Q, signed by Duckworth” <sup>8</sup>
M5	10/30/14	3Q14 Conference Call	“Thank you all very, very much and always <b>keep quality, doing the right thing, that is absolutely the first priority of this company</b> is doing that. So once again, see you at the end of the fourth quarter.” <sup>9</sup>	“Jacobs ended the earnings call by assuring investors that the Company prioritized the quality of its behavior health services” <sup>10</sup>
M6	11/11/14	Stephens Fall Investment Conference	“ <b>As with [the] whole Company, you know, we want to deliver good, quality care and not have any bad incidents.</b> So that is always the greatest risk to us is a bad incident occurring. <b>We try everything we can to keep that from happening, but knowing our industry that happens.</b> ” <sup>11</sup>	“In discussing the risks Acadia faced from its recently announced acquisition of CRC Health Group, Inc. (“CRC”), Duckworth emphasized that preventing patient incidents was a top priority” <sup>12</sup>
M7	2/27/15	FY14 10-K	“Management believes our focus on behavioral healthcare and history of completing acquisitions provides us with a strategic advantage in sourcing, evaluating and closing acquisitions. We leverage our management team’s expertise to identify and integrate acquisitions based on a <b>disciplined acquisition strategy that focuses on quality of</b>	“Throughout the Class Period, Acadia also stressed in its Forms 10-K that the Company’s growth strategy based on strategic acquisitions emphasized quality of service” <sup>16</sup>

<sup>7</sup> Complaint, ¶112, citing Acadia 3Q14 Form 10-Q, filed October 30, 2014, 5:07 P.M., p. 31. Emphasis original.

<sup>8</sup> Complaint, ¶112.

<sup>9</sup> Complaint, ¶116, citing Acadia 3Q14 Conference Call, October 30, 2014. The conference call was held on 9:00 A.M. See, “Acadia Healthcare Announces Date for Third Quarter 2014 Earnings Release,” *Dow Jones Newswires*, October 20, 2014. Emphasis original.

<sup>10</sup> Complaint, ¶116.

<sup>11</sup> Complaint, ¶117, citing Acadia presentation at 2014 Stephens Fall Investment Conference, November 11, 2014. Emphasis original.

<sup>12</sup> Complaint, ¶117.

<sup>16</sup> Complaint, ¶113.



## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			<p><b>service</b>, return on investment and strategic benefits. We also have a comprehensive post-acquisition strategic plan to facilitate the integration of acquired facilities that includes improving facility operations, retaining and recruiting psychiatrists and other healthcare professionals and expanding the breadth of services offered by the facilities”<sup>13</sup></p> <p>“Our business strategy is to acquire and develop behavioral healthcare facilities and improve our operating results within our facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high-quality services</b>, expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations”<sup>14</sup></p> <p>“The healthcare industry is subject to numerous laws, regulations and rules including, among others, those related to government healthcare program participation requirements, various licensure and accreditation standards, reimbursement for patient services, health information privacy and security rules, and government healthcare program fraud and abuse provisions. Providers that are found to have violated any of these laws and regulations may be excluded from participating in government healthcare programs, subjected to loss or limitation of</p>	<p>“Acadia consistently touted its “high-quality services” as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth,<sup>17</sup> and in its Forms 10-Q, signed by Duckworth”<sup>17</sup></p> <p>“Throughout the Class Period, Acadia consistently assured investors that it was in “substantial compliance” with all regulatory requirements in its Forms 10-K, signed by Jacobs and Duckworth”<sup>18</sup></p>

<sup>13</sup> Complaint, ¶113, citing Acadia FY14 Form 10-K, filed February 27, 2015, 4:16 P.M., p. 5. Emphasis original.

<sup>14</sup> Complaint, ¶112, citing Acadia FY14 Form 10-K, filed February 27, 2015, 4:16 P.M., p. 1. Emphasis original.

<sup>17</sup> Complaint, ¶112.

<sup>18</sup> Complaint, ¶150.



## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			licenses to operate, subjected to significant fines or penalties and/or required to repay amounts received from the government for previously billed patient services. <b>Management believes we are in substantial compliance with all applicable laws and regulations and is not aware of any material pending or threatened investigations involving allegations of wrongdoing.</b> <sup>15</sup>	
M8	4/29/15	1Q15 10-Q	"Our business strategy is to acquire and develop behavioral healthcare facilities and improve our operating results within our facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high-quality services,</b> expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations." <sup>19</sup>	"Acadia consistently touted its "high-quality services" as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth, and in its Forms 10-Q, signed by Duckworth." <sup>20</sup>
M9	5/12/15	Bank of America Merrill Lynch Health Care Conference	"This is our secret to success, these green boxes, these division structures. The accountability, responsibility, the freedom we give those division presidents and those local CEOs of our company, putting in that our clinical departments, <b>our oversight of the quality, just absolutely is the secret to our success.</b> Absolutely the secret to our success." <sup>21</sup>	"In his prepared remarks, Jacobs touted Acadia's organizational structure and quality control as a secret to the Company's success." <sup>22</sup>
M10	6/2/15	Jefferies Global	"[Brian Tanquilt – Jefferies Analyst:] Last question for me. So as we think about margins, I mean you guys have done a great job pushing margins higher on a same store basis. So is that something that we think	"When questioned about the Company's successful history in increasing profit margins at its facilities, Turner insisted that

<sup>15</sup> Complaint, ¶150, citing Acadia FY14 Form 10-K, filed February 27, 2015, 4:16 P.M., p. 14. Emphasis original.

<sup>19</sup> Complaint, ¶112, citing Acadia 1Q15 Form 10-Q, filed April 29, 2015, 4:12 P.M., p. 26. Emphasis original.

<sup>20</sup> Complaint, ¶112.

<sup>21</sup> Complaint, ¶118, citing Acadia presentation at 2015 Bank of America Merrill Lynch Healthcare Conference, May 12, 2015. Acadia presented at 12:20 P.M. See, "Acadia Healthcare to Present at Bank of America Merrill Lynch 2015 Health Care Conference," *Businesswire*, May 7, 2015. Emphasis original.

<sup>22</sup> Complaint, ¶118.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
M1	8/5/15	Healthcare Conference	<p>should keep going? How should we think about your margins? Or is it something that has a cap or a regulator internally?</p> <p>[Turner:] I think the margins are going to settle in around 27%, give or take 100 basis points. And now that our same store base is getting so large and more – and the UK were PiC will drop in the third quarter into the same store, I think our margin's going to be in that 27% range. And that's where it should be. <b>I think it's where it's going to be with us providing great quality care at the local level.</b> So that's what I see on margins."<sup>23</sup></p> <p>"Our business strategy is to acquire and develop behavioral healthcare facilities and improve our operating results within our facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high-quality services,</b> expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations."<sup>25</sup></p>	<p>the Company's efforts for increased profitability did not come at any expense of the quality of care"<sup>24</sup></p> <p>"Acadia consistently touted its "high-quality services" as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth, and in its Forms 10-Q, signed by Duckworth"<sup>26</sup></p>
M2	9/9/15	Wells Fargo Healthcare Conference	<p>"[Audience Member:] Generally speaking or broadly, how do you try to minimize adverse patient event at your facilities?</p> <p>[Jacobs:] Well, <b>we have a robust clinical risk management department at the corporate office,</b> but this is the primary responsibility of the CEO, his medical staff, or their medical staff, and</p>	<p>"In response to a question regarding Acadia's efforts to minimize adverse patient events, Jacobs reiterated that patient care was the Company's first priority"<sup>28</sup></p>

<sup>23</sup> Complaint, ¶119, citing Acadia presentation at 2015 Jefferies Global Healthcare Conference, June 2, 2015. Acadia presented at 4:30 P.M. See, "Acadia Healthcare to Present at Jefferies 2015 Global Healthcare Conference," *Businesswire*, May 28, 2015. Emphasis original.

<sup>24</sup> Complaint, ¶119.

<sup>25</sup> Complaint, ¶112, citing Acadia 2Q15 Form 10-Q, filed August 5, 2015, 4:11 P.M., p. 29. Emphasis original.

<sup>26</sup> Complaint, ¶112.

<sup>28</sup> Complaint, ¶120.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
M13	11/4/15	3Q15 10-Q	<p>our employees at the local level; that is their job, take care of the patient. And we can provide corporate resources to assist you in that and can do benchmarking and trending and point out areas for improvement, but at the end of the day, it's the responsibility of the CEO of that facility to make sure the quality of care is there. <b>And throughout the Company, our CEOs (inaudible) on the side of good patient care is that take care of our patients first.</b>"<sup>27</sup></p> <p>"Our business strategy is to acquire and develop behavioral healthcare facilities and improve our operating results within our facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high-quality services,</b> expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations"<sup>29</sup></p>	<p>"Acadia consistently touted its "high-quality services" as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth, and in its Forms 10-Q, signed by Duckworth"<sup>30</sup></p>
M14	11/4/15	3Q15 Conference Call	<p>[Gary Lieberman – Wells Fargo Analyst:] Maybe on some of the other labor that you saw. A number of other acute care operators have discussed pressure on contract labor. Are you see anything there either in your facilities or in the broader markets that you could share with us? [Jacobs:] Gary, it's isolated here in the country for us. You know there might be one city or two cities as far as the labor market might be a little bit tighter, but that has not been a – once again, that is not a top three priority on our list. However, in the UK finding nurses is more of a</p>	<p>"On the earnings call, Jacobs repeatedly assured analysts that, unlike its competitors, Acadia was not at all affected by the labor pressures facing the behavioral health industry"<sup>33</sup></p>

<sup>27</sup> Complaint, ¶120, citing Acadia presentation at 2015 Wells Fargo Healthcare Conference, September 9, 2015. Acadia presented at 1:45 P.M. See, "Acadia Healthcare to Present at Wells Fargo and Baird Healthcare Conferences," *Businesswire*, September 3, 2015. Emphasis original.

<sup>29</sup> Complaint, ¶112, citing Acadia 3Q15 Form 10-Q, filed November 4, 2015, 4:17 P.M., p. 31. Emphasis original.

<sup>30</sup> Complaint, ¶112.

<sup>33</sup> Complaint, ¶131.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
M15	2/25/16	FY15 10-K	<p>challenge. They have plenty of physicians but have less nurses, so we would like to take their physicians over here and take some of our nurses over there and we would be in great shape. But the UK has a little tougher time for nurses, but here in the United States we may have an isolated market or two where that might be an issue, but it's nothing that makes it to the top three of our list.”<sup>31</sup></p> <p>“[Ana Gupte – Leerink Analyst:] Okay. Thanks. The final question just on the salaries ratio, is there any plan to increase staffing per patient or anything that might cause pressure going forward or should we expect this to remain largely flatish?”<sup>32</sup></p> <p>[Jacobs:] We expect it to remain flatish. We believe our hospital – our facilities are appropriately staffed today, and so we expect this to be flat for next year.”<sup>33</sup></p> <p>“Management believes our focus on behavioral healthcare and history of completing acquisitions provides us with a strategic advantage in sourcing, evaluating and closing acquisitions. We leverage our management team’s expertise to identify and integrate acquisitions based on a <b>disciplined acquisition strategy that focuses on quality of service</b>, return on investment and strategic benefits. We also have a comprehensive post-acquisition strategic plan to facilitate the integration of acquired facilities that includes improving facility operations, retaining and recruiting psychiatrists and other healthcare</p>	<p>“Throughout the Class Period, Acadia also stressed in its Forms 10-K that the Company’s growth strategy based on strategic acquisitions emphasized quality of service”<sup>37</sup></p> <p>“Acadia consistently touted its “high-quality services” as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth, and in its Forms 10-Q, signed by Duckworth”<sup>38</sup></p>

<sup>31</sup> Complaint, ¶131, citing Acadia 3Q15 earnings conference call, November 4, 2015. The conference call was held at 9:00 A.M. See, “Acadia Healthcare Announces Date for Third Quarter 2015 Earnings Release,” *Dow Jones Institutional News*, October 23, 2015.

<sup>32</sup> Complaint, ¶131, citing Acadia 3Q15 earnings conference call, November 4, 2015. The conference call was held at 9:00 A.M. See, “Acadia Healthcare Announces Date for Third Quarter 2015 Earnings Release,” *Dow Jones Institutional News*, October 23, 2015.

<sup>37</sup> Complaint, ¶113.

<sup>38</sup> Complaint, ¶112.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			<p>professionals and expanding the breadth of services offered by the facilities.”<sup>34</sup></p> <p>“Our business strategy is to acquire and develop behavioral healthcare facilities and improve our operating results within our facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high-quality services,</b> expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations”<sup>35</sup></p> <p>“The healthcare industry is subject to numerous laws, regulations and rules including, among others, those related to government healthcare program participation requirements, various licensure and accreditation standards, reimbursement for patient services, health information privacy and security rules, and government healthcare program fraud and abuse provisions. Providers that are found to have violated any of these laws and regulations may be excluded from participating in government healthcare programs, subjected to loss or limitation of licenses to operate, subjected to significant fines or penalties and/or required to repay amounts received from the government for previously billed patient services. <b>Management believes we are in substantial compliance with all applicable laws and regulations and is not</b></p>	<p>“Throughout the Class Period, Acadia consistently assured investors that it was in “substantial compliance” with all regulatory requirements in its Forms 10-K, signed by Jacobs and Duckworth”<sup>39</sup></p>

<sup>34</sup> Complaint, ¶113, citing Acadia 2015 Form 10-K, filed February 26, 2016, 5:57 P.M., p. 6. Emphasis original.

<sup>35</sup> Complaint, ¶112, citing Acadia 2015 Form 10-K, filed February 26, 2016, 5:57 P.M., p. 1. Emphasis original.

<sup>39</sup> Complaint, ¶150.



## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
M16	4/8/16	Def 14A	<p><b>aware of any material pending or threatened investigations involving allegations of wrongdoing.</b><sup>36</sup></p> <p><b>excellence in the treatment of specialty behavioral health and addiction disorders;</b></p> <ul style="list-style-type: none"> <li>· creating behavioral health centers where <b>people receive individualized and quality care that enables them to regain hope in a supportive, caring environment;</b> offering an enviable internal culture and environment that encourages and supports both professional and personal growth that our employees are proud of; and</li> <li>· developing partnerships with physicians, professionals, and payers within the communities we serve through the <b>delivery of high quality specialty behavioral health services at affordable costs while always putting the patient first</b><sup>40</sup></li> </ul>	<p>“In opposing the proposal, Acadia’s Board claimed the Company ‘conduct[s] [its] business in compliance with applicable law including environmental, health and safety regulations, and we work hard to be an exceptional employer, a good neighbor and a good citizen.’ Instead, the Board suggested it would be best to focus resources on the ‘core elements’ of the Company’s business strategy, which included.”<sup>41</sup></p>
M17	4/29/16	IQ16 10-Q	<p>“Our business strategy is to acquire and develop behavioral healthcare facilities and improve our operating results within our facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high-quality services,</b> expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations”<sup>42</sup></p>	<p>“Acadia consistently touted its “high-quality services” as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth, and in its Forms 10-Q, signed by Duckworth.”<sup>43</sup></p>

<sup>36</sup> Complaint, ¶150, citing Acadia 2015 Form 10-K, filed February 26, 2016, 5:57 P.M., p. 11. Emphasis original.

<sup>40</sup> Complaint, ¶121, citing Acadia DEF14A, filed April 8, 2016, 11:35 A.M., p. 20. Emphasis original.

<sup>41</sup> Complaint, ¶121.

<sup>42</sup> Complaint, ¶112, citing Acadia IQ16 Form 10-Q, filed April 29, 2016, 4:32 P.M., p. 28. Emphasis original.

<sup>43</sup> Complaint, ¶112.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
M8	5/10/16	Bank of America Merrill Lynch Health Care Conference	<p>“[Kevin Fischbeck – BofA Merrill Lynch Analyst:] And do you think that – well, I guess do you see a shortage of psychiatrists? I guess one of your competitors highlighted that as an issue. And if you were to get this type of volume come through the system, would that put a point of pressure – would that be a gating factor to treating the patients? [Jacobs:] I don’t see the psychiatrists being a gating factor; it may end up being an isolated case, but as you all are really aware of the Acadia story, <b>for 5 years now we put up 8%-plus patient day growth. And we’ve been able to do that yearover- year and have the clinical staff, whether it’s nurses or med techs or psychiatrists, in place to meet that need.</b>”<sup>44</sup></p> <p>“[Kevin Fischbeck – BofA Merrill Lynch Analyst:] We mentioned a little bit (inaudible) question up here (inaudible) set that up. We mentioned a little bit that on the psychiatrist side, you’re not really seeing labor shortage. <b>Any labor pressure on the wait – on the kind of nurse or staff side?</b> [Jacobs:] <b>No, not really. We’re able to find the staff to meet the needs.</b> Our budget has a 2% to 3% merit wage increase in it for our employees and we’ve been able to live with that. And then our CEOs and our HR departments have done a good job finding the appropriate staff. There might be an isolated facility where there might be a temporary shortage at one time, but nothing that really is corporate-wide or even statewide. It would be an individual facility, so we’ve been very fortunate in being able to attract the employees that we need for our facility. We have 37,000 of them approximately today and probably</p>	<p>“Jacobs again stressed that Acadia maintained sufficient staffing levels to keep up with its patient growth”<sup>46</sup></p>

<sup>44</sup> Complaint, ¶132, citing Acadia presentation at 2016 Bank of America Merrill Lynch Healthcare Conference, May 10, 2016. Acadia presented at 7:20 P.M. See, “Acadia Healthcare to Participate in Bank of America Merrill Lynch 2016 Health Care Conference,” *Business Wire*, May 3, 2016. Emphasis original.

<sup>46</sup> Complaint, ¶132.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			36,000 of them, as Brent mentioned earlier, do patient care or support the patient care at the local level. And inside the company, our slogan is improving the lives we touch, because we know we improve the lives of the patient. But many times, it's many more members of that family, we improve their lives too. So that's what we stay focused on." <sup>45</sup>	
M19	5/24/16	UBS Global Healthcare Conference	<p>"[A.J. Rice – UBS Analyst:] I'll ask a question and then we'll see, we might just go to the breakout. But one of the things we're hearing from your closest peer, one of the hospital companies, is that there seems to be some tightness of psychiatrists, tightness of maybe even clinicians and the nurses in the psychiatric business. I know you've added bed capacity because you needed to add. If you've got this IMD opportunity on top of already sort of strong growth, are you going to be able to handle the incremental volume or are you seeing any of that capacity? How would you put – what would you say about the tightness of clinician supply up there?"</p> <p>[Jacobs:] Oh sure, I forgot I was [mic'd]. We might see that in a specific market but overall we're able to find the clinicians whether they're psychiatrists or psychiatric nurses to staff our facilities. Most recently, as I mentioned, I was visiting a hospital that just added 80 beds over the last two years and they've been able to find enough psychiatrists and nurses to take care of those 80 beds. So we might have an individual facility that might be having some issues but we started investing more robustly in our recruitment efforts probably over two years ago. So,</p>	<p>"Again, Jacobs reiterated Acadia's ability to sufficiently staff its facilities"<sup>48</sup></p>

<sup>45</sup> Complaint, ¶132, citing Acadia presentation at 2016 Bank of America Merrill Lynch Healthcare Conference, May 10, 2016. Acadia presented at 7:20 P.M. See, "Acadia Healthcare to Participate in Bank of America Merrill Lynch 2016 Health Care Conference," *Business Wire*, May 3, 2016. Emphasis original.

<sup>48</sup> Complaint, ¶133.



## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
120	6/9/16	Jefferies Healthcare Conference	<p>we've been able to find and retain the nurses and the psychiatrists that we need."<sup>47</sup></p> <p>"As you've seen from our first-quarter results, our organic same-store growth was industry-leading if you're in the hospital sector, and we're very proud of what Ron Fincher and his team have done and what we are doing out in the field. So the Company is in, we think, a great position and doing well. It is hard work. We do take care of a lot of patients, and <b>that is our number one goal is taking care of the patients, making sure they are receiving the quality care that they need</b>, and we very much want to do that. I know our employees are dedicated to that, and our Company is improving the lives we touch. So there's a lot of people we touch when we touch a family's life."<sup>49</sup></p> <p>"[Brian Tanquilut – Jefferies Analyst:] Joey, one of the things that we have heard is – we are hearing some constraints on the clinician front in terms of hiring and capacity. So, as you are growing your beds, what do you see in terms of the challenges or the ability to bring in whether it is a psychiatrist or psychologist or nurses?</p> <p>[Jacobs:] Okay. We, probably two years ago, invested heavily into our internal recruitment department at the corporate office, primarily focused on psychiatrists, <b>and we have been very efficient and very fortunate in being able to always be able to find the psychiatrist that we need to make sure we can handle the growth in our bed build</b>. So</p>	<p>"In his introductory remarks, Jacobs once again stressed the importance of quality care for the patients admitted to Acadia's facilities"<sup>51</sup></p> <p>"On June 9, 2016, Jacobs and Turner presented to investors, analysts and market participants at the Jefferies Healthcare Conference on behalf of Acadia, where Jacobs made similar statements on Acadia's staffing efforts."<sup>52</sup></p>

<sup>47</sup> Complaint, ¶133, citing Acadia presentation at 2016 UBS Global Healthcare Conference, May 24, 2016. Acadia presented at 2:00 P.M. See, "Acadia Healthcare to Present at UBS Global Healthcare Conference," *BusinessWire*, May 14, 2015.

<sup>49</sup> Complaint, ¶122, citing Acadia presentation at 2016 Jefferies Healthcare Conference, June 9, 2016. Acadia presented at 9:00 A.M. See, "Acadia Healthcare to Participate in Jefferies 2016 Health Care Conference," *BusinessWire*, June 2, 2016. Emphasis original.

<sup>51</sup> Complaint, ¶122.

<sup>52</sup> Complaint, ¶134.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
131	7/29/16	2Q16 Conference Call	<p>psychiatrists to us, sure, we might have a single facility that might have an issue, but overall for the Company, this has not been an issue.”<sup>50</sup></p> <p>“[Brian Tanquilut – Jefferies Analyst:] Joey, what about clinician supply, just to match the build-out?</p> <p>[Jacobs:] As I mentioned on previous conference calls, we several years ago started beefing up our recruitment department, and that has paid dividends for us in today’s environment, in that <b>we’re able to find the clinicians we need, and that has not been an issue to us growing.</b>”<sup>53</sup></p> <p>“[Kevin Fischbeck – BofA Merrill Lynch Analyst:] Okay, great, thanks. I guess I just want to go back to the psychiatrist shortage question, which we’ve heard a couple more hospitals seeing that. Is it your view that, in your markets, that the market for psychiatrists is pretty consistent with where it’s been the last few years, or are you seeing somewhat of a shortage, it’s just that the investments you made are allowing you to manage through it?</p> <p>[Jacobs:] <b>Our investment is allowing us to address the needs of our facilities.</b> We’ve got a top notch recruitment department, and working with our division Presidents and local CEOs, we’re able to meet their needs, find the psychiatrists, get them signed up, get them relocated to the facilities where we need them. We’re working closer and closer with residency programs on new graduates, stuff like that. So we’re managing our way through this, Kevin. We identified this as a basic</p>	<p>“On the earnings call, Jacobs was again questioned by multiple analysts about Acadia’s staffing in light of the industry-wide shortage of behavioral health professionals.”<sup>56</sup></p>

<sup>50</sup> Complaint, ¶134, citing Acadia presentation at 2016 Jefferies Healthcare Conference, June 9, 2016. Acadia presented at 9:00 A.M. See, “Acadia Healthcare to Participate in Jefferies 2016 Health Care Conference,” *BusinessWire*, June 2, 2016. Emphasis original.

<sup>53</sup> Complaint, ¶135, citing Acadia 2Q16 earnings conference call, July 29, 2016. The conference call was held at 11:00 A.M. See, “Acadia Healthcare Announces Date for Second Quarter 2016 Earnings Release,” *GlobeNewsWire*, July 22, 2016. Emphasis original.

<sup>56</sup> Complaint, ¶135.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			<p>business strategy that we needed to do probably three years ago, and then put the resources behind that.”<sup>54</sup></p> <p>“[Paula Torch – Avondale Analyst:] Great. Thank you. I have a couple of questions. I just wanted to follow up on the labor and psychiatrists, and maybe the capacity constraints. Winder, given that hospitals and some of your other competitors are having your capacity constraints, and you’re adding 800 beds this year, and maybe potential to do a similar amount next year, do you think that gives you an opportunity to take share from your competitors, or even just the hospitals that have behavioral beds within them, given that you are able to be hiring these psychiatrists and clinicians? It seems like there are a lot of other companies having problems with this?</p> <p>[Jacobs:] We just executed our strategy, Paula, and if it ends up taking market share from somebody, or just being there ready for the beds and the clinicians when those patients are looking for care, either way, we’re glad to be there. It will be a combination of both of those. <b>So we’re very pleased that consistently in the history of Acadia, that we’ve been able to build the appropriate number of beds each year, and find the clinicians to staff those beds, and to meet the needs of these local communities.</b>”<sup>55</sup></p>	
M22	7/29/16	2Q16 10-Q	<p>“Our business strategy is to acquire and develop behavioral healthcare facilities and improve our operating results within our facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high-quality services,</b></p>	<p>“Acadia consistently touted its “high-quality services” as a key factor in improving its operating results in its Forms 10-K,</p>

<sup>54</sup> Complaint, ¶135, citing Acadia 2Q16 earnings conference call, July 29, 2016. The conference call was held at 11:00 A.M. See, “Acadia Healthcare Announces Date for Second Quarter 2016 Earnings Release,” *GlobeNewsWire*, July 22, 2016. Emphasis original.

<sup>55</sup> Complaint, ¶135, citing Acadia 2Q16 earnings conference call, July 29, 2016. The conference call was held at 11:00 A.M. See, “Acadia Healthcare Announces Date for Second Quarter 2016 Earnings Release,” *GlobeNewsWire*, July 22, 2016. Emphasis original.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
1023	9/7/16	Robert W. Baird Global Healthcare Conference	<p>expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations”<sup>57</sup></p> <p>“[Whit Mayo – Robert W. Baird Analyst:] Maybe shifting down the P&amp;L to some of your expenses. There’s been a lot of chatter in the marketplace just about the shortage of psychiatrists. And I know you have had a strategy in place for a number of years to address this and stay out in front. Can you maybe just talk about what you’re seeing in terms of wage pressure for nurses and also for psychiatrists? [Turner:] We’re not seeing a lot of – again, we live within 2% to 3% meritbased increases. I’m not seeing anything come through that says we got to raise to the level of wages across the board in these markets. We are very focused on staying close to that, because <b>we are dependent on that labor to grow our volumes</b>. We may just be in good markets or it may be some benefits – it’s probably also some benefit of our corporate initiatives that we’ve had in place the last few years just to really support the facilities in their recruiting efforts, both from the physician as well as some of the key positions in nursing and mental health techs and that sort of thing.”<sup>59</sup></p> <p>“The second factor was same-facility revenue growth in the US of 6.5%, which increased compared to 5.9% for the third quarter last year, but which was below our expectations for the quarter. <b>The softness in our</b></p>	<p>signed by Jacobs and Duckworth, and in its Forms 10-Q, signed by Duckworth”<sup>58</sup></p> <p>“On September 7, 2016, Turner presented to investors, analysts and market participants at the Robert W. Baird Global Healthcare Conference on behalf of Acadia, where he acknowledged the link between Acadia’s volume growth and need for labor”<sup>60</sup></p> <p>“In discussing the factors for the lower-than-expected earnings, Jacobs expressly disclaimed the effect of any</p>
1024	11/2/16	3Q16 Conference Call		

<sup>57</sup> Complaint, ¶112, citing Acadia 2Q16 Form 10-Q, filed July 29, 2016, 4:32 P.M., p. 30. Emphasis original.

<sup>58</sup> Complaint, ¶112.

<sup>59</sup> Complaint, ¶136, citing Acadia presentation at 2016 Robert W. Baird Healthcare Conference, September 7, 2016. Acadia presented at 10:50 A.M. See, “Acadia Healthcare to Present at Baird and Wells Fargo Healthcare Conferences,” *BusinessWire*, August 31, 2016. Emphasis original.

<sup>60</sup> Complaint, ¶136.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			<p>same-facility volumes in the third quarter was affected by a handful of our facilities and was not the result of any material labor shortages. While we have a few markets that have labor challenges, this is not materially affecting our growth rate. In the US, through the nine months of 2016, we've recruited 125 psychiatrists to our facilities, which is similar to the total number recruited for all of 2015. <b>These numbers clearly demonstrate that Acadia has the ability to recruit psychiatrists where needed.</b> Thus far in the fourth quarter, US same-facility patient days grew 6.7% in October, 50 basis points better than our experience for the third quarter.”<sup>61</sup></p> <p>“[Ana Gupte – Leerink Analyst:] Yes. Hi. Thanks for taking my question. Good morning. On the staffing shortages again, you’ve been saying that you haven’t seen them and I think you gave a number on how many psychiatrists you recruited, but your peer – the pure-play peer and also the acute guys are talking about it. There’s broad commentary in the country about mental health professionals being in short supply. Is there likely to be any wage pressure? There is a little bit of a pickup sequentially in your salaries line. And as you’re recruiting, are you having to see any wage pressure on that that might be a bit of an offset? [Jacobs:] We have, in our budget, a 2% to 3% merit increase of our employees next year and we think they’re going to be able to attract the personnel to their facilities that they need to make sure we have the appropriate staffing in our facilities. <b>So as I mentioned earlier, there are some isolated markets where we would – we could have a</b></p>	<p>staffing issues on Acadia’s growth rate in his prepared remarks”<sup>63</sup></p> <p>“In response to questions from analysts, Jacobs admitted that certain Acadia facilities suffered from labor shortages, but again downplayed the significance of the staffing issues.”<sup>64</sup></p>

<sup>61</sup> Complaint, ¶137, citing Acadia 3Q16 earnings conference call, November 2, 2016. The conference call was held at 9:00 A.M. See, “Acadia Healthcare Announces Date for Third Quarter 2016 Earnings Release,” *GlobeNewswire*, October 11, 2016. Emphasis original.

<sup>63</sup> Complaint, ¶137.

<sup>64</sup> Complaint, ¶138.



## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			<b>shortage of a mental health tech or social workers or something like that, but there is nothing companywide.</b> And then the reason we gave the physician numbers were – gave you the physician numbers were, we gave you those numbers because we're doing well. The recruitment team is doing an outstanding job in finding physicians for our facilities. <b>So we've been able to work through that.</b> This is the only thing we do is behavioral health. And those are the companies that you mentioned, they're also focused on med/surg operations too. <b>So we've been able to find the employees for our facilities.</b> <sup>62</sup>	
M25	11/2/16	3Q16 10-Q	“Our business strategy is to acquire and develop behavioral healthcare facilities and improve our operating results within our facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high-quality services,</b> expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations” <sup>65</sup>	“Acadia consistently touted its “high-quality services” as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth, and in its Forms 10-Q, signed by Duckworth” <sup>66</sup>
M26	2/22/17	RBC Capital Markets Healthcare Conference	“[Audience Member:] Thanks. One of those questions raised in the negative headlines I think talked about efficacy of care. And do you guys track efficacy and do you think the industry should track efficacy? Are people actually getting cured when they come in versus (inaudible)? [Jacobs:] We can do a better job. Now, unfortunately, the psychiatric industry has been discriminated for years. And when the federal	“In response to an audience question concerning efficacy of care, Jacobs insisted that the Company’s quality and compliance compartment tracked the efficacy of the care provided to Acadia patients” <sup>69</sup>

<sup>62</sup> Complaint, ¶138, citing Acadia 3Q16 earnings conference call, November 2, 2016. The conference call was held at 9:00 A.M. See, “Acadia Healthcare Announces Date for Third Quarter 2016 Earnings Release,” *GlobeNewswire*, October 11, 2016. Emphasis original.

<sup>65</sup> Complaint, ¶112, citing Acadia 3Q16 Form 10-Q, filed November 2, 2016, filed 4:17 P.M., p. 32. Emphasis original.

<sup>66</sup> Complaint, ¶112.

<sup>69</sup> Complaint, ¶123.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			<p>government gave out all this money for to – for med/surg hospitals to improve their computer systems, we got nothing. So if we had gotten some money and was able to invest in our computer systems, we would be able to track that better. We are investing in that, but it is more manual than it is computerized. And we have a department headed up by Scott Schwieger that our quality and compliance department that does nothing but look at this. And so some parts of our business are easier to follow up and to see about the cure. Obviously if somebody represents themselves, the first one didn't work.”<sup>67</sup></p> <p>“[Frank Morgan – RBC Analyst:] So if we get this extra volume, obviously there's been a lot of discussions around labor and capacity, capacity being labor capacity, not physical capacity. But what is your thoughts on that current state. Can you – do you have the labor capacity to handle the volume if we do get incremental volume?</p> <p>[Turner:] I think – you know, as you have seen from our historical numbers, we have been able to grow our organic revenues very healthy numbers, upper-to midsingle digits. When you do that in an inpatient setting, you have to have an incremental staffing. <b>Caring for more patients means you must bring on more staff to do that.</b> So again, we look at the history, we look at the trends going forward. We are in a full employment market. The economy is doing well. But we are only focused on behavioral health, and we've got a lot of resources and efforts designated. Our internal recruiting, corporate recruitings, supporting our facilities. We've just got – everybody in the Company knows when these next 20 beds are coming on in a certain market, so</p>	<p>“In response to an analyst question, Turner reiterated that the nationwide staffing shortages would not bar continued Acadia growth.”<sup>70</sup></p>

<sup>67</sup> Complaint, ¶123, citing Acadia presentation at 2017 RBC Capital Markets Healthcare Conference, February 22, 2017. Acadia presented at 9:30 A.M. See, “Acadia Healthcare to Participate in RBC Capital Markets 2017 Healthcare Conference,” *BusinessWire*, February 17, 2017.

<sup>70</sup> Complaint, ¶139.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			it's not a surprise when those beds come online that we are expecting to have more labor needs there. So whether we are in the right markets, whether we have the right execution, or a combination of those things, we do not see a barrier to our growth based on labor. Do we have a couple of markets that are more challenging than others? Absolutely. But we also have hundreds of facilities. So one or two markets aren't changing our trends, just on the labor component." <sup>68</sup>	
M27	2/24/17	FY16 10-K	<p>"Management believes our focus on behavioral healthcare and history of completing acquisitions provides us with a strategic advantage in sourcing, evaluating and closing acquisitions. We leverage our management team's expertise to identify and integrate acquisitions based on a <b>disciplined acquisition strategy that focuses on quality of service</b>, return on investment and strategic benefits. We also have a comprehensive post-acquisition strategic plan to facilitate the integration of acquired facilities that includes improving facility operations, retaining and recruiting psychiatrists and other healthcare professionals and expanding the breadth of services offered by the facilities"<sup>71</sup></p> <p>"Our business strategy is to acquire and develop behavioral healthcare facilities and improve our operating results within our facilities and our other behavioral healthcare operations. <b>We strive to improve the</b></p>	<p>"Throughout the Class Period, Acadia also stressed in its Forms 10-K that the Company's growth strategy based on strategic acquisitions emphasized quality of service"<sup>74</sup></p> <p>"Acadia consistently touted its "high-quality services" as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth,"<sup>75</sup></p> <p>"Throughout the Class Period, Acadia consistently assured investors that it was in "substantial compliance" with all regulatory requirements in its Forms 10-K, signed by Jacobs and Duckworth"<sup>76</sup></p>

<sup>68</sup> Complaint, ¶139, citing Acadia presentation at 2017 RBC Capital Markets Healthcare Conference, February 22, 2017. Acadia presented at 9:30 A.M. See, "Acadia Healthcare to Participate in RBC Capital Markets 2017 Healthcare Conference," *BusinessWire*, February 17, 2017. Emphasis original.

<sup>71</sup> Complaint, ¶113, citing Acadia 2016 Form 10-K, filed February 24, 2017, 2:11 P.M., p. 3. Emphasis original.

<sup>74</sup> Complaint, ¶113.

<sup>75</sup> Complaint, ¶112.

<sup>76</sup> Complaint, ¶150.



## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			<p><b>operating results of our facilities by providing quality patient care,</b> expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations”<sup>72</sup></p> <p>“The healthcare industry is subject to numerous laws, regulations and rules including, among others, those related to government healthcare program participation requirements, various licensure and accreditation standards, reimbursement for patient services, health information privacy and security rules, and government healthcare program fraud and abuse provisions. Providers that are found to have violated any of these laws and regulations may be excluded from participating in government healthcare programs, subjected to loss or limitation of licenses to operate, subjected to significant fines or penalties and/or required to repay amounts received from the government for previously billed patient services. <b>Management believes we are in substantial compliance with all applicable laws and regulations and is not aware of any material pending or threatened investigations involving allegations of wrongdoing.</b>”<sup>73</sup></p>	
1028	2/24/17	FY16 Conference Call	<p>“[Brian Tanquilut – Jefferies Analyst:] I appreciate that color, Joey. Followup for me, margins were strong in Q4. So how should we think about the margin progression for this year? Number one, just as we think about the synergies flowing through. And then number two, the denovos improving. And then lastly, how do you tie that into kind of like staffing, because there were obviously concerns that it is getting harder</p>	<p>“On the earnings call, Jacobs acknowledged the increased difficulties the Company was facing in the labor market, but again insisted that the Company would see increased profit margins in 2017 despite any staffing pressures”<sup>78</sup></p>

<sup>72</sup> Complaint, ¶112, citing Acadia 2016 Form 10-K, filed February 24, 2017, 2:11 P.M., p. 1. Emphasis original.

<sup>73</sup> Complaint, ¶150, citing Acadia 2016 Form 10-K, filed February 24, 2017, 2:11 P.M., p. 12. Emphasis original.

<sup>78</sup> Complaint, ¶140.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			to staff in the behavioral space. So how should we read into your margin performance as it relates to your ability to staff all these facilities? [Jacobs:] My expectation is that we will have margin improvement this year. Whether that is 25 basis points to 50 basis points to 100 basis points, the expectation is that we will have margin improvement. So far, <b>Ron Fincher and his recruitment team have been able to find the necessary staff so that we are confident that when we build the 967 beds that we are able to staff those beds and that that won't be an issue to keep us from hitting our [due] numbers. I guess the only other comment I would say since the last call we have had, is that the labor market is a little tighter, but once again, we have been able to recruit and find the staff to work through that.</b> Once again, blocking and tackling our recruitment department, doing what it needs to do, hitting its target, I think we signed three physicians this week. So, if we can keep doing that, and so we should be okay there.” <sup>77</sup>	
129	3/7/17	Raymond James Annual Institutional Investors Conference	“[John Ransom – Raymond James Analyst:] Right. I think you guys have done a nice job laying out your psychiatrist recruiting program. What I think is maybe a little less understood is, it looks to me at least like a 15-year boom in behavioral health, high occupancy rates, a lot of spending, that we should be at the cycle where there's pressure on labor at below the psychiatrist level, maybe starting with the nurse level, going down to the tech level. Do you think that over time the industry is going to have to make a step change in terms of compensation to keep running this hot in terms of demand? It sounds like an old fashioned problem from the 70s where you're talking about capacity bottlenecks and demand for labor. So how do you think that will change? How has it	“At the conference, Jacobs reiterated that the Company had sufficient staffing to meet patient needs” <sup>80</sup>

<sup>77</sup> Complaint, ¶140, citing Acadia FY16 earnings conference call, February 24, 2017, p. 8. The conference call was held at 9:00 A.M. See, “Acadia Healthcare Announces Date for Fourth Quarter and Year-End 2016 Earnings Release,” *GlobeNewswire*, February 10, 2017. Emphasis original.

<sup>80</sup> Complaint, ¶141.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			<p>changed? And do you think the industry is going to have to start paying people like, say, drug counselors more than \$45,000 a year and having to compete more to get the higher nurses?</p> <p>[Jacobs:] <b>Obviously, the most important person to us is the psychiatrist. And a psychiatrist can take care of about 20 patients a day.</b> So, you know – and that's one of the reasons we're affiliating with the joint ventures in the academic centers, is that their teaching programs help feed all the acute facilities, whether it's the psychiatrists, the nurse, the mental health tech that we use inside our system. I do not see salary adjustments below the psychiatrist, across the board salary adjustments occurring because of the tightness in the market. Fortunately for this market and fortunately for our company, during the life of the caregiver, they're going to migrate to what they like to do best or a calling. And there are a lot of people, and enough so far, want to be in the mental health area, that they want to serve their community this type of care. <b>So so far today we have enough of those individuals to meet the needs.</b> Now, Butte, Montana, will always need all of the above, because it's in Butte, Montana. Anybody here from Butte, Montana? (Inaudible) talk about Butte, Montana. So I've been there. Got out of town. I'm sorry; I shouldn't say that since this is taped. But, anyway, so there's isolated pressure, but it's more isolated pressure. And we have a way of working through that through our recruitment department. And we do not see wholesale salary adjustments to maintain our individuals or to pay our drug counselors \$45,000.”<sup>79</sup></p>	
160	4/13/17	Def 14A	<p>“... creating a world-class organization that <b>sets the standard of excellence in the treatment of specialty behavioral health and addiction disorders;</b></p>	<p>“In opposing the proposal, Acadia’s Board claimed the Company “conduct[s] [its] business in compliance with applicable law including environmental, health and safety</p>

<sup>79</sup> Complaint, ¶141, citing Acadia presentation at 2017 Raymond James Annual Investor Conference, March 7, 2017. Acadia presented at 1:40 P.M. See, “Acadia Healthcare to Participate in the Raymond James 38(th) Annual Institutional Investors Conference,” *BusinessWire*, March 2, 2017. Emphasis original.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			<ul style="list-style-type: none"> <li>· creating behavioral health centers where <b>people receive individualized and quality care that enables them to regain hope in a supportive, caring environment</b>;</li> <li>· offering an enviable internal culture and environment that encourages and supports both professional and personal growth that our employees are proud of; and</li> <li>· developing partnerships with physicians, professionals, and payers within the communities we serve through the <b>delivery of high quality specialty behavioral health services at affordable costs while always putting the patient first</b><sup>81</sup></li> </ul>	regulations, and we work hard to be an exceptional employer, a good neighbor and a good citizen.' Instead, the Board suggested it would be best to focus resources on the 'core elements' of the Company's business strategy, which included: <sup>82</sup>
M31	4/26/17	IQ17 10-Q	<p>"Our business strategy is to acquire and develop behavioral healthcare facilities and improve our operating results within our facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high-quality services,</b> expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations"<sup>83</sup></p>	"Acadia consistently touted its "high-quality services" as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth, and in its Forms 10-Q, signed by Duckworth" <sup>84</sup>
M32	4/26/17	IQ17 Earnings Call	"[Albert J. Rice – UBS Analyst:] Okay. And then just maybe a follow-up on the labor side, any update on what you're seeing in terms of availability of both clinicians and psychiatrist? And how's that pipeline look? And what are you seeing there?"	"On the earnings call, Jacobs again stressed that Acadia sufficiently staffed its facilities to meet patient demand" <sup>86</sup>

<sup>81</sup> Complaint, ¶121, citing Acadia DEF14A, filed April 13, 2017, 4:31 P.M., p. 12. Emphasis original.

<sup>82</sup> Complaint, ¶121.

<sup>83</sup> Complaint, ¶112, citing Acadia IQ17 Form 10-Q, filed April 26, 2017, 4:17 P.M., p. 28. Emphasis original.

<sup>84</sup> Complaint, ¶112.

<sup>86</sup> Complaint, ¶142.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
103	5/16/17	Bank of America Merrill Lynch Health Care Conference	<p>[Jacobs:] <b>Here in the U.S., we're doing an excellent job on attracting physicians and the technical individuals that we will need for our facilities to meet our patient's demand.</b> The real shortage is over in the U.K. where there is a nursing shortage over there. But we have a plan there to be more efficient there and to use less agencies expense there. So the U.S., we're doing fine and working through any labor issues or shortage of labor issues in any market. And then the U.K., we're working on a strategy on how do we attract more nurses, make it the place to work for in the U.K. Acadia's revenue growth for the quarter was primarily driven by the addition of a net 6,200 beds through the Priority acquisition halfway through the first quarter last year. We initiated full integration of Priority into Acadia after the U.K. facility divestiture in November 2016. By the end of the first quarter of 17, we had achieved about \$16 million of the expected \$20 million of cost synergies from the transaction, and we expect to recognize all the cost synergies by the fourth quarter of this year.”<sup>85</sup></p> <p>“[Kevin Fishbeck – BofA Merrill Lynch Analyst:] I guess, obviously, one of the hot button issues for this sector has been the question of labor shortages. And can you just talk about what you're seeing there, whether it's been, I guess, either an issue from a margin perspective or whether it's been an issue from – a gating issue from a growth perspective for you guys?</p> <p>[Jacobs:] <b>We've been very fortunate in that our shortages occur in very unique locations, very isolated locations.</b> Actually, on the bus tour, the question was asked from a crowd about psychiatrists, and they have plenty; and then also asked about nurses, and they have plenty.</p>	<p>“When questioned about ongoing concerns of labor shortages in the behavioral healthcare space, Jacobs assured that Acadia maintained adequately staffed facilities to provide quality care amid Acadia's expansionist growth strategy”<sup>88</sup></p>

<sup>85</sup> Complaint, ¶142, citing Acadia 1Q17 earnings conference call, April 26, 2017. The conference call was held at 8:00 A.M. See, “Acadia Healthcare Announces Date for First Quarter 2017 Earnings Release,” *GlobeNewswire*, April 13, 2017. Emphasis original.

<sup>88</sup> Complaint, ¶124.



## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
M34	5/24/17	UBS Global Healthcare Conference	<p>And so we expect our facilities to be in communities that have nursing teaching programs, to have the nurses coming through our facilities learning about psych patients, that if there's psychiatrist medical schools there, you'll see us joint-venturing with medical schools. We already have one with Einstein. We'll be having one with the University of Miami, whether we'll have one with the Ochsner group in Louisiana. So we've been able to find psychiatrists. We have a robust recruitment department, and we saw some of this pressure probably 4 to 5 years ago and began ramping that up, so <b>we can meet the needs to continue to grow. And based upon our growth numbers, we're meeting the needs and providing good quality care.</b><sup>87</sup></p> <p>"In addition to the just oversight of our facilities from an operational and financial standpoint, we have overlay of our clinical services, headed up by our Vice President of Clinical Services. And these individuals are highly trained in the behavioral health field and help assess our facilities and make sure all the quality and assurances are being adhered to, little checks and balances. We have similar quality insurance (sic) [assurance] personnel at the facility level. But <b>we want to also make sure from a corporate level, we are ensuring that we're delivering good patient care in our facilities.</b>"<sup>89</sup></p> <p>"[Albert J. Rice – UBS Analyst:] So there's been some adverse publicity in this space, not – hasn't been targeted at you guys at all, and that's</p>	<p>"In his prepared remarks, Turner again stressed the importance of Acadia's quality assurance practices"<sup>91</sup></p> <p>"In response to analyst questioning around negative publicity facing Acadia's competitor UHS, Jacobs denied that any allegations of questionable business practices in the behavioral health space were affecting Acadia"<sup>92</sup></p>

<sup>87</sup> Complaint, ¶124, citing Acadia presentation at 2017 Bank of America Merrill Lynch Health Care Conference, May 16, 2017. Acadia presented at 11:00 A.M. See, "Acadia Healthcare to Present at Three Upcoming Conferences," *BusinessWire*, April 27, 2017. Emphasis original.

<sup>89</sup> Complaint, ¶125, citing Acadia presentation at 2017 UBS Global Health Care Conference, May 24, 2017. Acadia presented at 10:30 A.M. See, "Acadia Healthcare to Present at Three Upcoming Conferences," *BusinessWire*, April 27, 2017. Emphasis original.

<sup>91</sup> Complaint, ¶125.

<sup>92</sup> Complaint, ¶152.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
M35	6/8/17	Jefferies Healthcare Conference	<p>good. But has that had any impact in the marketplace as best you can determine? Has it affected your business in anyway, either driving volume your way or making people cautious about sending people in your direction?</p> <p>[Jacobs:] No. We hate that our – no, it hasn't. We did terrific same-store growth in the first quarter. So this information that is out there now about our competitor has been out there for a while, and it has had no impact on us and – so far, and we don't see it having an impact on us. It might have diverted their attention away from acquisitions or that sort of thing, where we haven't seen them very – we haven't seen a lot of activity from the competitor during the past couple of years on acquisitions. So Steve Davidson and our team does a great job of finding and sourcing and making the acquisition. So no impact, maybe a slight positive."<sup>90</sup></p> <p>“[Brian Tanquilut – Jefferies Analyst:] Brent, just to follow on to that, what's your thought on staffing, your ability to staff these new beds as you're adding? And how are you – where's the confidence coming from that you can keep staffing at sort of a 6% to 7% organic growth rate?</p> <p>[Turner:] Well, as Joey mentioned, we've been at this since 2011 with Acadia, and we've shown very strong organic growth throughout those 6 straight years. When you're showing that in our business, the requirement as you add these patients is that there would be appropriate – the staffing is going to incrementally add with those – that addition of patients. So our confidence is much like in how we're confident about the volume coming. <b>We work hard to capture the volume, we work hard to recruit the staff, the nurses, the mental health techs, the</b></p>	<p>“In response to an analyst question regarding the Company's efforts to maintain appropriate staffing levels, Turner stressed that Acadia secures the necessary mental health staff to support the Company's expected growth”<sup>94</sup></p>

<sup>90</sup> Complaint, ¶152, citing Acadia presentation at 2017 UBS Global Health Care Conference, May 24, 2017. Acadia presented at 10:30 A.M. See, “Acadia Healthcare to Present at Three Upcoming Conferences,” *BusinessWire*, April 27, 2017.

<sup>94</sup> Complaint, ¶126.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
M36	6/9/17	S-3ASR	<p>physicians, whatever we need to cover that additional unit, we're working on that in advance, at both at the local hospital level as well as our (technical difficulty) designed to source employees. But I think ultimately, the best thing about our confidence in getting the employees is we have the right culture and we have the right sort of morale at our company. I think we're a good place to work, a great place to work. And so if someone is desiring to care for the patient population that we care for, and it's the mental health – people with mental health needs, then they're going to find Acadia's facilities. <b>And they know at the end of the day, we're doing nothing but trying to make sure we're improving the lives of those patients that are in our care. And that's what we believe in, and that's how we have the confidence that we're going to be able to continue to access the labor to support our growth.</b>"<sup>93</sup></p> <p>"INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE The SEC allows us to "incorporate by reference" information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference into this prospectus is deemed to be part of this prospectus, except for any information superseded by information contained directly in this prospectus or contained in another document filed with the SEC in the future which itself is incorporated into this prospectus. We are incorporating by reference the following documents, which we have previously filed with the SEC:</p>	<p>"The Form S-3ASR incorporated by reference the statements in the FY 16 Form 10-K and Q1 2017 Form 10-Q alleged herein at ¶¶112-113, supra, to be false and misleading, and stated in pertinent part"<sup>96</sup></p>

<sup>93</sup> Complaint, ¶126, citing Acadia presentation at 2017 Jefferies Health Care Conference, June 8, 2017. Acadia presented at 1:30 P.M. See, "Acadia Healthcare to Participate in Jefferies 2017 Global Healthcare Conference," *BusinessWire*, June 1, 2017. Emphasis original.

<sup>96</sup> Complaint, ¶127.



## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
M17	7/28/17	2Q17 10-Q	<p>(1) our Annual Report on Form 10-K for the fiscal year ended December 31, 2016;</p> <p>(2) our Quarterly Report on Form 10-Q for the three months ended March 31, 2017;</p> <p>(3) our Current Reports on Form 8-K filed May 10, 2017 and May 25, 2017;</p> <p>(4) the information specifically incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 from our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 13, 2017; and</p> <p>(5) a description of our capital stock as set forth in our Registration Statement on Form 8-A, filed on October 31, 2011.<sup>95</sup></p> <p>“Our business strategy is to acquire and develop behavioral healthcare facilities and improve our operating results within our facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high-quality services,</b> expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations.”<sup>97</sup></p>	<p>“Acadia consistently touted its “high-quality services” as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth,<sup>98</sup> and in its Forms 10-Q, signed by Duckworth.”<sup>99</sup></p>
M38	7/28/17	2Q17 10-Q Conference Call	<p>“[Albert J. Rice – UBS Analyst:] Okay, okay. Obviously, not as much for you, but to some degree, there’s been discussion around the industry about the tightness of labor supply and finding both psychiatrists and nurses. Any update on your thinking? What are you seeing in terms of</p>	<p>“On the earnings call, Jacobs issued similar statements regarding Acadia’s ability to staff its growing number of facilities.”<sup>101</sup></p>

<sup>95</sup> Complaint, ¶127, 153, citing Acadia form S-3 ASR, filed June 9, 2014, 4:10 P.M., p. 13.

<sup>97</sup> Complaint, ¶112, citing Acadia 2Q17 Form 10-Q, filed July 28, 2017, 2:32 P.M., p. 28. Emphasis original.

<sup>98</sup> Complaint, ¶112.

<sup>101</sup> Complaint, ¶143.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			<p>turnover rates, vacant job postings and so forth and wage updates and so forth?</p> <p>[Jacobs:] We still have – as we've mentioned for the past couple of years, we have some isolated markets where it's a little tougher to find the nurses or the psychiatrists. But we've got a great team in recruitment. <b>And we have provided additional resources this year into that department, and we'll see them – those resources be very fruitful. So the labor market is tight, but we've been able, Ron and his team and the recruitment department that reports to Ron, have been able to find the personnel that we need to continue to put up 6% same-store patient day growth here in the U.S. So I think we can continue to do that and find the people. Their – on the salary wage pressures, it's in the 2% to 3% is what we're seeing for wage increases. And so – but we want to be competitive in all our markets with – we compete with the med/surg hospitals and other health care providers. So we think we're in a good position and have been able to work through it for these past several years.</b>"<sup>99</sup></p> <p>"[Ana Gupte – Leerink Analyst:] The question I have is you have a peer, and we only have the two of you to really observe, has had some regulatory coding issues, has had clinical staffing issues – is now also speaking about a length of stay pressure from payers and the mix shifting to Medicaid and the like. And it's somewhat corroborated by some of the inner channel checks we've done, at least the last one. But you're not seeing it, which is really great, and you had a good quarter. Is this really that the pressures don't exist? Or is there something about</p>	<p>"On the earnings call, Jacobs again claimed that Acadia had not fallen to the same pressures of its competitor UHS"<sup>102</sup></p>

<sup>99</sup> Complaint, ¶143, citing Acadia 2Q17 earnings conference call, July 28, 2017. The conference call was held at 9:00 A.M. See, "Acadia Healthcare Announces Date for Second Quarter 2017 Earnings Release," *GlobeNewswire*, July 6, 2017. Emphasis original.

<sup>102</sup> Complaint, ¶154.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			being a best-in-class in-patient operator, [and you know], can you talk about what that might be that makes you able to avert that better? [Jacobs:] Well, Ana, yes, we had a terrific quarter. Second quarter was terrific. But you can look at the year-to-date numbers, and they're terrific. We – obviously, I think, our team is better than other people, other companies. Obviously, I think that. We cheerlead that. I think a factor that you can't quantify is – and Ron and all the senior management, we have a – very much a different culture inside Acadia. And we try to have a lot of fun, and we try to work hard, and we try to hit our expectations, and we happen to be in markets where we can do that. So – and the length of stay, it may go down for us. But so far, we don't see that and we haven't really seen it in the past. When acute patient days – length of stay is 9.5 days, and if you go back to the industry studies, this has been since the mid-'90s. Average length of stay for adults has been in the 9 to 10 days. And we are right in the middle of that for the second quarter. So – and it could be just the composition of our programs and our beds and our markets. And – but more importantly, my hats off to our operations team. Ron and that group are unbelievable.” <sup>100</sup>	
M39	8/18/17	424B7 Prospectus	“The August 18, 2017 prospectus supplement incorporated by reference [...] the FY 2016 Form 10-K and Q1 2017 Form 10-Q[.]” <sup>103</sup>	See M27 and M31
M40	9/6/17	Robert W. Baird Global Healthcare Conference	“[Benjamin Whitman Mayo – Robert W. Baird Analyst:] Maybe shifting gears to labor and clinical staff shortages. This has gotten some attention in the marketplace in the past year. How would you describe the challenges of finding psychiatrists to cover your hospitals, finding	“At the conference, Jacobs was asked to provide an update on the labor and staffing challenges Acadia was facing.” <sup>105</sup>

<sup>100</sup> Complaint, ¶154, citing Acadia 2Q17 earnings conference call, July 28, 2017. The conference call was held at 9:00 A.M. See, “Acadia Healthcare Announces Date for Second Quarter 2017 Earnings Release”, *GlobeNewswire*, July 6, 2017.

<sup>103</sup> Complaint, ¶128, citing Acadia Form 424B7, filed August 18, 2017, 4:31 P.M.

<sup>105</sup> Complaint, ¶144.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			<p>the appropriate nurses. You guys seem to manage through it pretty well over time. This is all you do. You have a lot of resources from a recruiting standpoint, so just any update on labor churn.</p> <p><b>[Jacobs:] Sure. We started about 5 years ago creating a dedicated unit just to find psychiatrists for our facilities, and that has been money well spent. And we're continuing to add resources there. We have been able to find an appropriate amount of psychiatrists to grow the company. And when you're putting up 6% same-store growth on patient days, you're going to need physicians and nurses.</b></p> <p>Now on the physician side, that's another reason why we're doing the joint venture opportunities with the universities is that we would be able to get first access to the graduates coming out of those programs, so we can introduce them to Acadia. And quite frankly, if you remember the map here in the U.S., we have opportunities from coast to coast for physicians. So we have a great team there, and they're doing a good job for us. Now on the nurses side, that's more of a local issue. Our CEO and HR Director are responsible for recruiting and finding the nurses at the local level. The market is tighter. When you're running unemployment at 4.3%, 4.4% for the whole country, that means there are tightness in some markets. Some of our markets are very oscillated, so it's tougher there to have that nurse or find that nurse to live in that location. <b>But we've been able to do that and have been very creative in finding ways to not only recruit nurses but psychiatrists.</b> So we continue to add resources to that and try to think out of the box on that. And for example, we've kicked around the idea of starting our own staffing company, more so for the U.K. than the U.S. The nursing shortages is much more acute in the U.K. They have plenty of physicians. But the nurses, they do not have. So we're looking at other ways of finding and keeping employees for our company. And so it's an</p>	

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			ongoing process. But as you mentioned, Whit, <b>we've been able to manage through it.</b> " <sup>104</sup>	
M41	10/25/17	3Q17 10-Q	"Our business strategy is to acquire and develop behavioral healthcare facilities and improve our operating results within our facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high-quality services,</b> expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations." <sup>106</sup>	"Acadia consistently touted its "high-quality services" as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth, and in its Forms 10-Q, signed by Duckworth" <sup>107</sup>
M42	2/27/18	FY17 10-K	"Our business strategy is to acquire and develop behavioral healthcare facilities and improve our operating results within our facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing quality patient care,</b> expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations" <sup>108</sup>	"Acadia consistently touted its "high-quality services" as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth," <sup>111</sup>
			"Management believes our focus on behavioral healthcare and history of	"Throughout the Class Period, Acadia also stressed in its Forms 10-K that the Company's growth strategy based on strategic acquisitions emphasized quality of service" <sup>112</sup>
				"Throughout the Class Period, Acadia consistently assured investors that it was in "substantial compliance" with all

<sup>104</sup> Complaint, ¶144, citing Acadia presentation at 2017 Robert W. Baird Global Healthcare Conference, September 6, 2017. Acadia presented at 2:35 P.M. See, "Acadia Healthcare to Present at Baird and Wells Fargo Healthcare Conferences," *BusinessWire*, August 30, 2017. Emphasis original.

<sup>106</sup> Complaint, ¶112, citing Acadia 3Q17 Form 10-Q, filed October 10, 2017, 4:32 P.M., p. 31. Emphasis original.

<sup>107</sup> Complaint, ¶112.

<sup>108</sup> Complaint, ¶112, citing Acadia FY17 Form 10-K, filed February 27, 2018, 5:17 P.M., p. 1. Emphasis original.

<sup>111</sup> Complaint, ¶112.

<sup>112</sup> Complaint, ¶113.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			<p>completing acquisitions provides us with a strategic advantage in sourcing, evaluating and closing acquisitions. We leverage our management team's expertise to identify and integrate acquisitions based on a <b>disciplined acquisition strategy that focuses on quality of service</b>, return on investment and strategic benefits. We also have a comprehensive post-acquisition strategic plan to facilitate the integration of acquired facilities that includes improving facility operations, retaining and recruiting psychiatrists and other healthcare professionals and expanding the breadth of services offered by the facilities."<sup>109</sup></p> <p>"The healthcare industry is subject to numerous laws, regulations and rules including, among others, those related to government healthcare program participation requirements, various licensure and accreditation standards, reimbursement for patient services, health information privacy and security rules, and government healthcare program fraud and abuse provisions. Providers that are found to have violated any of these laws and regulations may be excluded from participating in government healthcare programs, subjected to loss or limitation of licenses to operate, subjected to significant fines or penalties and/or required to repay amounts received from the government for previously billed patient services. <b>Management believes that we are in substantial compliance with all applicable laws and regulations and is not aware of any material pending or threatened investigations involving allegations of wrongdoing.</b>"<sup>110</sup></p>	<p>regulatory requirements in its Forms 10-K, signed by Jacobs and Duckworth."<sup>113</sup></p>

<sup>109</sup> Complaint, ¶113, citing Acadia FY17 Form 10-K, filed February 27, 2018, 5:17 P.M., p. 1 Emphasis original.

<sup>110</sup> Complaint, ¶150, citing Acadia FY17 Form 10-K, filed February 27, 2018, 5:17 P.M., p. 10. Emphasis original.

<sup>113</sup> Complaint, ¶150.



## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
1043	5/2/18	IQ18 Conference Call	<p>“[Frank Morgan – RBC Analyst:] And part 2 would just be – just maybe talk about labor in the U.S. We still hear a lot of questions and concerns about the labor markets, particularly with behavioral health care in the U.S. What you’re seeing and your thoughts on the outlook there. [Jacobs:] <b>And then, in the U.S., the labor market is tight as everybody knows, but it’s not keeping us from building our facilities and finding the staff to open our beds and to grow our beds.</b> So there is pressure there, but our teams here in the U.S. are doing a great job of managing through that. But there are isolated markets where it’s tougher than other ones, but we’re working through that here in the U.S. And I feel good about where we’re at today and the beds that we’re building and that we’ll be able to get them open.”<sup>114</sup></p> <p>“Our business strategy is to acquire and develop behavioral healthcare facilities and improve our operating results within our facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high-quality services,</b> expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations”<sup>116</sup></p>	<p>“On the earnings call, Jacobs reiterated that the tight U.S. labor market would not impede Acadia’s growth plan”<sup>115</sup></p> <p>“Acadia consistently touted its “high-quality services” as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth, and in its Forms 10-Q, signed by Duckworth”<sup>117</sup></p>
1044	5/3/18	IQ18 10-Q		
1045	5/16/18	Bank of America Merrill Lynch	<p>“[Kevin Marx Fischbeck – BofA Merrill Lynch Analyst:] And I guess, maybe moving back to the U.S. It’s really interesting how, I guess, in the U.K. you’ve had a harder – you’ve been hit harder by the labor side</p>	<p>“On May 16, 2018, Jacobs and Turner presented to investors, analysts and market participants at the Bank of America Merrill Lynch Health Care Conference on behalf of Acadia,</p>

<sup>114</sup> Complaint, ¶145, citing Acadia 1Q18 earnings conference call, May 2, 2018. The conference call was held at 9:00 A.M. See, “Acadia Healthcare Announces Date for First Quarter 2018 Earnings Release,” *GlobeNewswire*, April 9, 2018. Emphasis original.

<sup>115</sup> Complaint, ¶145.

<sup>116</sup> Complaint, ¶112, citing Acadia 1Q18 Form 10-Q, filed May 3, 2018, 4:07 P.M., p. 29. Emphasis original.

<sup>117</sup> Complaint, ¶112.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
		Health Care Conference	<p>and UHS wasn't. And then in the U.S., UHS was being hit harder by the labor side than you were. I mean, how do you think about the labor rates? And is that a gating factor at all to kind of how you think about growth?</p> <p>[Turner:] Well, I think it's important to note, both in the U.S. and U.K., we're not in the same markets as UHS, right? And then quite frankly, in the U.K., some of their service lines, they're not as deep in the service lines that we are. So it's hard to even compare what they're having and what we're having. <b>We've been very fortunate in the U.S. to have, with the exception of maybe a few markets, to really have been able to not just maintain our staffing, right? We're increasing staffing because of the volume increases, the bed additions, and we've been able to do that within our 2% to 3% merit increases. So I was speaking with a group earlier in a meeting, and we're having to work harder to do that. We've got to expand our corporate recruiting for talent in the field. It's a much bigger department than it used to be and it's much more dedicated and concentrated.</b> But they are helping our facilities recruit and our benefit plans from our HR departments are competitive. And so we just have to kind of continue to be a preferred employer, be a good place for these people to work because they have a commitment to behavioral health. And so if we're going to be a market leader, we're going to continue to hopefully be a preferred employer in those markets. But having said that, it's full employment data across the country. So it's not easy, but we're making it work."<sup>118</sup></p>	<p>where Turner was questioned about the difference in labor challenges between Acadia's U.S. and U.K. business operations"<sup>119</sup></p>

<sup>118</sup> Complaint, ¶146, citing Acadia presentation at 2018 Bank of America Merrill Lynch Healthcare Conference, May 16, 2018. Acadia presented at 1:40 P.M. See, "Acadia Healthcare to Present at the Bank of America Merrill Lynch 2018 Health Care Conference," *BusinessWire*, May 8, 2018. Emphasis original.

<sup>119</sup> Complaint, ¶146.



## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
M46	7/31/18	2Q18 10-Q	<p>“Our business strategy is to acquire and develop behavioral healthcare facilities and improve our operating results within our facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high-quality services,</b> expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations.”<sup>120</sup></p>	<p>“Acadia consistently touted its “high-quality services” as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth, and in its Forms 10-Q, signed by Duckworth.”<sup>121</sup></p>
M47	7/31/18	2Q18 Conference Call	<p>“[Albert J. Rice – Credit Suisse Analyst:] Okay. And on – my follow-up on the labor cost, you were up about 80 basis points. Professional fees was well contained, so maybe there wasn’t much contract labor. I think that’s more on that line. But can you just drill down a little bit more? Is this still mostly U.K.? Or are you seeing pressure in the U.S. as well? And what are you attributing it? Is it Brexit? Is it NHS moves or just the underlying market trend?</p> <p>[Jacobs:] Okay. <b>Overall, the U.S. market is tight, but we’re able to find the personnel to open up our beds and staff our facilities. So – but it is tight here in the U.S.</b> In the U.K., that is where there is more of the acute shortage, and it’s all around immigration and allowing workers to enter the U.K. And Brexit, as you know, put many obstacles in place, but the NHS and the government both are working towards freeing that up. And right now, you can recruit nurses from the Commonwealth countries and bring them into the U.K., and we’re working on that as we speak. The acute part of the labor shortage for the company is in the U.K. But here in the U.S., when you have labor</p>	<p>“On the earnings call, Jacobs once again represented that Acadia was able to recruit sufficient staff for its facilities.”<sup>123</sup></p>

<sup>120</sup> Complaint, ¶112, citing Acadia 2Q18 Form 10-Q, filed July 31, 2018, 4:17 P.M., p. 31. Emphasis original.

<sup>121</sup> Complaint, ¶112.

<sup>123</sup> Complaint, ¶147.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			market, when you have unemployment under 4%, there are certain labor markets that are tight.” <sup>122</sup>	
M48	11/6/18	3Q18 10-Q	“Our business strategy is to acquire and develop behavioral healthcare facilities and improve our operating results within our facilities and our other behavioral healthcare operations. <b>We strive to improve the operating results of our facilities by providing high-quality services</b> , expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations.” <sup>124</sup>	“Acadia consistently touted its “high-quality services” as a key factor in improving its operating results in its Forms 10-K, signed by Jacobs and Duckworth, and in its Forms 10-Q, signed by Duckworth.” <sup>125</sup>
M49	11/6/18	3Q18 Conference Call	<p>“[Albert J. William Rice – Credit Suisse Analyst:] Maybe 2 questions, if I could. First of all, there’s also been some reporting – particularly mainly in the financial press this quarter about regulatory issues that maybe the company’s been facing. And I wanted to give you a chance to give any comments you’d like to give about that and then also to ask you in the aftermath because it didn’t seem to get picked up in the popular press. I would think there hasn’t been any change in your interaction with regulators, but just to ask whether that is indeed the case.</p> <p>[Jacobs:] Sure, A.J. Referring to the statement I’ve made in previous earnings calls concerning regulatory issues at a few of our facilities, I’m pleased to announce that all of those have been resolved and that those facilities do not have admission holds as of this time. As you know,</p>	“On the earnings call, Jacobs avoided discussing the regulatory issues that had been revealed by Aurelius Value the month before.” <sup>127</sup>

<sup>122</sup> Complaint, ¶147, citing Acadia 2Q18 earnings conference call, July 31, 2018. The conference call was held at 9:00 A.M. See, “Acadia Healthcare Announces Date for Second Quarter 2018 Earnings Release,” *GlobeNewswire*, July 16, 2018. Emphasis original.

<sup>124</sup> Complaint, ¶112, citing Acadia 3Q18 Form 10-Q, filed November 6, 2018, 4:34 P.M., p. 31. Emphasis original.

<sup>125</sup> Complaint, ¶112.

<sup>127</sup> Complaint, ¶156.

## Appendix C

### Alleged US-Based Misrepresentations

Misrep#	Date	Event	Alleged US-Based Misrepresentation	Plaintiffs' Characterization of Alleged Misrepresentation
			A.J., we're a large company with a large number of facilities. So at any time -- and at any time, we can have an inspection go bad or an incident occur or an investigation be instigated. So -- but I'm pleased to report that for the ones we've been talking about this year, those facilities have their admission holds removed and have their license and are building back their census." <sup>126</sup>	

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<sup>126</sup> Complaint, ¶156, citing Acadia 2Q18 earnings conference call, November 6, 2018. The conference call was held at 9:00 A.M. See, "Acadia Healthcare Announces Date for Third Quarter 2018 Earnings Release", *GlobeNewswire*, October 24, 2018.